

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

SUSAN BITTER SMITH - CHAIRMAN  
BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE

2015 APR -6 P 1:24

AZ CORP COMMISS  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
EPCOR WATER ARIZONA, INC., AN ARIZONA  
CORPORATION, FOR A DETERMINATION OF  
THE CURRENT FAIR VALUE OF ITS UTILITY  
PLANT AND PROPERTY AND FOR INCREASES  
IN ITS RATES AND CHARGES FOR UTILITY  
SERVICE BY ITS MOHAVE WATER DISTRICT,  
PARADISE VALLEY WATER DISTRICT, SUN  
CITY WATER DISTRICT, TUBAC WATER  
DISTRICT, AND MOHAVE WASTEWATER  
DISTRICT.

DOCKET NO. WS-01303A-14-0010

**STAFF'S NOTICE OF FILING  
FINAL SCHEDULES**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files the final schedules in the above-referenced matter. Staff also delivered a copy of the electronic version of the schedules to the Hearing Division.

RESPECTFULLY SUBMITTED this 6<sup>th</sup> day of April, 2015.

Robin R. Mitchell  
Matthew Laudone  
Attorneys, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
(602) 542-3402

Original and thirteen (13) copies of  
the foregoing filed this 6<sup>th</sup> day of  
April, 2015, with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**

APR 06 2015

DOCKETED BY

1 Copy of the foregoing emailed on this  
2 6<sup>th</sup> day of April, 2015, to:

3 Thomas H. Campbell	<a href="mailto:tcampbel@lrrlaw.com">tcampbel@lrrlaw.com</a>
4 Michael T. Hallam	<a href="mailto:mhallam@lrrlaw.com">mhallam@lrrlaw.com</a>
5 Daniel W. Pozefsky	<a href="mailto:dpozefsky@azruco.gov">dpozefsky@azruco.gov</a>
6 Cheryl Fraulob	<a href="mailto:cfraulob@azruco.gov">cfraulob@azruco.gov</a>
7 Marshall Magruder	<a href="mailto:marshall@magruder.org">marshall@magruder.org</a>
8 Greg Patterson	<a href="mailto:gpatterson3@cox.net">gpatterson3@cox.net</a>
9 Robert J. Metli	<a href="mailto:rjmetli@mungerchadwick.com">rjmetli@mungerchadwick.com</a>
10 Andrew Miller	<a href="mailto:amiller@paradisevalleyaz.gov">amiller@paradisevalleyaz.gov</a>
11 Rich Bohman	<a href="mailto:rtbnmbaz@aol.com">rtbnmbaz@aol.com</a>
12 Delman Eastes	<a href="mailto:delman_eastes@yahoo.com">delman_eastes@yahoo.com</a>
13 Jim Stark	<a href="mailto:N743ks@cox.net">N743ks@cox.net</a>
14 Greg Patterson	<a href="mailto:jampat@q.com">jampat@q.com</a>
15 William F. Bennett	<a href="mailto:edelano@paradisevalleycc.com">edelano@paradisevalleycc.com</a>
16 Albert E. Gervenack	<a href="mailto:agervenack@bmi.net">agervenack@bmi.net</a>

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**EPCOR Water Arizona - Mohave Water District**

Docket No. WS-01303A-14-0010

Test Year Ended June 30, 2013

**STAFF TESTIMONY**

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EPCOR Water Arizona - Mohave Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-1

REVENUE REQUIREMENT
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LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	\$23,496,515	\$22,431,899
2	Adjusted Operating Income (Loss)	\$416,266	\$503,419
3	Current Rate of Return (L2 / L1)	1.77%	2.24%
4	Required Rate of Return	6.87%	6.40%
5	Required Operating Income (L4 * L1)	\$1,614,211	\$1,435,642
6	Operating Income Deficiency (L5 - L2)	\$1,197,945	\$932,223
7	Gross Revenue Conversion Factor	1.6469	1.6509
8	Required Revenue Increase (L7 * L6)	\$1,972,914	<b>\$1,538,991</b>
9	Adjusted Test Year Revenue	\$6,354,293	\$6,389,776
10	Proposed Annual Revenue (L8 + L9)	\$8,327,207	\$7,928,767
11	Required Increase in Revenue (%)	31.05%	24.09%
12	Rate of Return on Common Equity (%)	11.75%	9.50%

References:

Column [A]: Company Schedule A-1

Column [B]: Staff Schedules CLP-2, MJR-3, and CLP-10

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]
<u>Calculation of Gross Revenue Conversion Factor:</u>				
1	Revenue	100.0000%		
2	Uncollectible Factor (Line 13)	0.9384%		
3	Revenues (L1 - L2)	99.0616%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.4880%		
5	Subtotal (L3 - L4)	60.5736%		
6	<b>Revenue Conversion Factor (L1 / L5)</b>	<b>1.650883</b>		
<u>Calculation of Uncollectible Factor:</u>				
9	Unity	100.0000%		
10	Combined Federal and State Tax Rate (Line 21)	37.9600%		
11	One Minus Combined Income Tax Rate (L9 - L10)	62.0400%		
12	Uncollectible Rate	1.51257%		
13	Uncollectible Factor (L11 * L12)		0.9384%	
<u>Calculation of Effective Tax Rate:</u>				
16	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%		
17	Arizona State Income Tax Rate	6.0000%		
18	Federal Taxable Income (L16 - L17)	94.0000%		
19	Applicable Federal Income Tax Rate (Line 68)	34.0000%		
20	Effective Federal Income Tax Rate (L18 x L19)	31.9600%		
21	Combined Federal and State Income Tax Rate (L17 + L20)		37.9600%	
<u>Calculation of Effective Property Tax Factor:</u>				
24	Unity	100.0000%		
25	Combined Federal and State Income Tax Rate (L21)	37.9600%		
26	One Minus Combined Income Tax Rate (L24 - L25)	62.0400%		
27	Property Tax Factor (CLP-14, L25)	0.8510%		
28	Effective Property Tax Factor (L26 x L27)		0.5280%	
29	Combined Federal and State Income Tax and Property Tax Rate (L21 + L28)			38.4880%
32	Required Operating Income (Schedule CLP-1, Line 5)	\$1,435,642		
33	Adjusted Test Year Operating Income (Loss) (Schedule CLP-10, Line 32)	503,419		
34	Required Increase in Operating Income (L33 - L34)		\$932,223	
36	Income Taxes on Recommended Revenue (Col. [C], L62)	\$521,560		
37	Income Taxes on Test Year Revenue (Col. [A], L62)	(48,833)		
38	Required Increase in Revenue to Provide for Income Taxes (L36 - L37)		\$570,393	
40	Recommended Revenue Requirement (Schedule CLP-1, Line 10)	\$7,928,767		
41	Uncollectible Rate (Line 12)	1.51257%		
42	Uncollectible Expense on Recommended Revenue (L40 x L41)	\$119,928		
43	Adjusted Test Year Uncollectible Expense	96,650		
44	Required Increase in Revenue to Provide for Uncollectible Exp.		\$23,278	
46	Property Tax with Recommended Revenue (CLP-14, L20)	\$177,378		
47	Property Tax on Test Year Revenue (CLP-14, Col [A], L16)	164,282		
48	Increase in Property Tax Due to Increase in Revenue (L46 - L47)		\$13,097	
50	Total Required Increase in Revenue (L34 + L38 + L44 + L48)		<b>\$1,538,991</b>	
<u>Calculation of Income Tax:</u>				
54	Revenue (Sch CLP-10, Col. [C] L5, CLP-1, Col. [C] L10)	\$6,389,776		\$7,928,767
55	Operating Expenses Excluding Income Taxes	5,935,191		5,971,566
56	Synchronized Interest (L71)	583,229		583,229
57	Arizona Taxable Income (L54 - L55 - L56)	(\$128,644)		\$1,373,972
58	Arizona State Income Tax Rate	6.0000%		6.0000%
59	Arizona Income Tax (L57 x L58)	(\$7,719)		\$82,438
60	Federal Taxable Income (L57 - L59)	(120,925)		1,291,534
61	Total Federal Income Tax	(41,115)		439,121
62	Combined Federal and State Income Tax (L59 + L61)	(\$48,833)		\$521,560
<u>Effective Tax Rate</u>				
				34.0000%
<u>Calculation of Interest Synchronization:</u>				
69	Rate Base (Schedule MJR-3, Col. [C], Line 34)			\$22,431,899
70	Weighted Average Cost of Debt			2.6000%
71	Synchronized Interest (L69 x L70)			\$583,229

**RATE BASE - ORIGINAL COST**

LINE NO.		[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Plant in Service	\$46,731,133	(\$46,307)	\$46,684,826
2	Less: Accumulated Depreciation	15,934,125	233,337	16,167,462
3	Net Plant in Service	<u>\$30,797,008</u>	<u>(\$279,644)</u>	<u>\$30,517,364</u>
4				
5	<u>LESS:</u>			
6				
7	Contributions in Aid of Construction (CIAC)	\$570,329	\$0	\$570,329
8	Less: Accumulated Amortization	89,194	-	89,194
9	Net CIAC	<u>\$481,135</u>	<u>\$0</u>	<u>\$481,135</u>
10				
11	Advances in Aid of Construction (AIAC)	\$7,012,710	-	\$7,012,710
12				
13	Customer Meter Deposits	8,257	-	8,257
14	Deferred Income Tax Credits (Debits)	696,852	-	696,852
15	Investment Tax Credits	-	-	-
16	Regulatory Liabilities	106,450	(106,450)	-
18				
19				
20	<u>ADD:</u>			
21				
22	Working Capital	131,008	(17,518)	113,490
29				
30	Deferred Debits	873,903	(873,903)	-
31				
33				
34	<b>Original Cost Rate Base</b>	<u>\$23,496,515</u>	<u>(\$1,064,615)</u>	<u>\$22,431,899</u>

References:

Column [A]: Company Schedule B-1  
Column [B]: Schedule MJR-4  
Column [C]: Column [A] + Column [B]

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS											
LINE NO.	ACCT. NO.	DESCRIPTION	COMPANY AS FILED	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
				ADJ #1	ADJ #2	ADJ #3	ADJ #4A	ADJ #5	ADJ #6	STAFF	
				Adjust	Rev AFUDC	Working	Retirements	Reverse	Reverse	Deferred Debits	ADJUSTED
				Balances	24 Mo. Deff	Capital		Reg Liability			
				Ref. Sch. MIR-5	Ref. Sch. MIR-6	Ref. Sch. MIR-7	Ref. Sch. MIR-8	Ref. Sch. MIR-8A	Ref. Sch. MIR-9	Ref. Sch. MIR-9	
PLANT IN SERVICE:											
1	301000	Other Intangible Plant	\$34,004	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,004
2	302000	Franchises	37,061	0	0	0	0	0	0	0	37,061
3	303200	Land and Land Rights Supply	528,700	0	0	0	0	0	0	0	528,700
4	303300	Land and Land Rights Pumping	2,351	0	0	0	0	0	0	0	2,351
5	303400	Land & Land Rights Treatment	0	0	0	0	0	0	0	0	0
6	303500	Land & Land Rights T&D	9,609	0	0	0	0	0	0	0	9,609
7	303600	Land & Land Rights General	47,358	0	0	0	0	0	0	0	47,358
8	304100	Structures and Improvements - Supply	475,826	0	0	0	0	0	0	0	475,826
9	304200	Structures and Improvements - Pumping	31,201	0	0	0	0	0	0	0	31,201
10	304300	Structures and Improvements - Treatment	47,846	0	0	0	0	0	0	0	47,846
11	304400	Structures & Improvements Trans & Dist	43,546	0	0	0	0	0	0	0	43,546
12	304500	Structures & Improvements General	43,231	0	0	0	0	0	0	0	43,231
13	304600	Structures and Improvements - Offices	449,617	0	0	0	0	0	0	0	449,617
14	304620	Struct & Imp Leasehold	0	0	0	0	0	0	0	0	0
15	304700	Structures & Improvements Store,Shop,Gge	29,223	0	0	0	0	0	0	0	29,223
16	304800	Structures & Improvements Miscellaneous	0	0	0	0	0	0	0	0	0
17	305000	Collect & Impounding	663,944	0	0	0	0	0	0	0	663,944
18	307000	Wells & springs	6,589,253	0	0	0	(46,307)	0	0	0	6,542,946
19	309000	Supply Mains	93,481	0	0	0	0	0	0	0	93,481
20	310000	Power Production Equipment	50,355	0	0	0	0	0	0	0	50,355
21	311000	Pumping Equipment Steam	409,521	0	0	0	0	0	0	0	409,521
22	311200	Pumping Equipment Electric	2,782,896	0	0	0	0	0	0	0	2,782,896
23	311300	Pumping Equipment Diesel	0	0	0	0	0	0	0	0	0
24	311400	Pumping Equipment Hydraulic	0	0	0	0	0	0	0	0	0
25	311500	Pumping Equipment Other	1,009	0	0	0	0	0	0	0	1,009
26	311530	Pumping Equipment Water Treatment	0	0	0	0	0	0	0	0	0
27	320100	Water Treatment Equipment Non-Media	96,933	0	0	0	0	0	0	0	96,933
28	320200	Water Treatment Equipment Filter Media	360,547	0	0	0	0	0	0	0	360,547
29	330000	Distribution Reservoirs & Standpipes	2,832,819	0	0	0	0	0	0	0	2,832,819
30	330100	Elevated tank and Standpipes	0	0	0	0	0	0	0	0	0
31	331001	TD Mains Not Classified by Size	269,444	0	0	0	0	0	0	0	269,444
32	331100	TD Mains 4in & Less	12,008,818	0	0	0	0	0	0	0	12,008,818
33	331200	TD Mains 6in to 8in	3,693,499	0	0	0	0	0	0	0	3,693,499
34	331300	TD Mains 10in to 16in	1,484,810	0	0	0	0	0	0	0	1,484,810
35	331400	TD Mains 18in & Grtr	76,265	0	0	0	0	0	0	0	76,265
36	332000	Fire Mains	0	0	0	0	0	0	0	0	0
37	333000	Services	7,853,908	0	0	0	0	0	0	0	7,853,908
38	334100	Meters	2,638,551	0	0	0	0	0	0	0	2,638,551
39	334200	Meter Installations	276,354	0	0	0	0	0	0	0	276,354
40	334300	Meter Vaults	0	0	0	0	0	0	0	0	0
41	335000	Hydrants	185,402	0	0	0	0	0	0	0	185,402
42	339200	Other P/E-Supply	82,583	0	0	0	0	0	0	0	82,583
43	339500	Other P/E-TD	0	0	0	0	0	0	0	0	0
44	339600	Other P/E-CPS	186,826	0	0	0	0	0	0	0	186,826
45	340100	Office Furniture & Equipment	101,669	0	0	0	0	0	0	0	101,669
46	340200	Computer & Periphral Equipment	109,956	0	0	0	0	0	0	0	109,956
47	340300	Computer Software	3,521	0	0	0	0	0	0	0	3,521
48	340330	Computer Software Other	0	0	0	0	0	0	0	0	0
49	340325	Computer Software Customized	0	0	0	0	0	0	0	0	0
50	340500	Other Office Equipment	0	0	0	0	0	0	0	0	0
51	341100	Transportation Equip Light Duty Trucks	99,015	0	0	0	0	0	0	0	99,015
52	341200	Transportation Equip Heavy Duty Trucks	72,088	0	0	0	0	0	0	0	72,088
53	341400	Transportation Equipment Other	59,848	0	0	0	0	0	0	0	59,848
54	342000	Stores Equipment	1,420	0	0	0	0	0	0	0	1,420
55	343000	Tools,Shop,Garage Equipment	221,155	0	0	0	0	0	0	0	221,155
56	344000	Laboratory Equipment	7,623	0	0	0	0	0	0	0	7,623
57	345000	Power Operated Equipment	171,959	0	0	0	0	0	0	0	171,959
58	346100	Communication Equipment Non-Telephone	188,877	0	0	0	0	0	0	0	188,877
59	346190	Remote Control & Instrument	880,738	0	0	0	0	0	0	0	880,738
60	346200	Communication Equipment Telephone	0	0	0	0	0	0	0	0	0
61	346300	Communication Equipment Other	5,111	0	0	0	0	0	0	0	5,111
62	347000	Miscellaneous Equipment	0	0	0	0	0	0	0	0	0
63	304500	Structures & Imp General	9,553	0	0	0	0	0	0	0	9,553
64	304600	Structures & Improvement Offices	(676)	0	0	0	0	0	0	0	(676)
65	304620	Structures & Improvements Leasehold	1,950	0	0	0	0	0	0	0	1,950
66	334100	Meters	1,151	0	0	0	0	0	0	0	1,151
67	339600	Other P/E CPS	35,759	0	0	0	0	0	0	0	35,759
68	340100	Office furniture & Equipment	123,778	0	0	0	0	0	0	0	123,778
69	340200	Computer & Peripherals Equ	82,275	0	0	0	0	0	0	0	82,275
70	340300	Computer Software	55,124	0	0	0	0	0	0	0	55,124
71	340330	Transportation Equipment Other	624	0	0	0	0	0	0	0	624
72	341400	Transportation Equipment Other	11,409	0	0	0	0	0	0	0	11,409
73	343000	Tools,Shop,Garage Equipment	1,531	0	0	0	0	0	0	0	1,531
74	344000	Laboratory Equipment	1,693	0	0	0	0	0	0	0	1,693
75	346100	Communication Equipment non-telephone	18,236	0	0	0	0	0	0	0	18,236
76	346190	Remote Control & Instrument	1,489	0	0	0	0	0	0	0	1,489
77	346200	Communication Equipment Telephone	7,077	0	0	0	0	0	0	0	7,077
78	346300	Communication Equip Other	480	0	0	0	0	0	0	0	480
79	347000	Miscellaneous Equip	39,906	0	0	0	0	0	0	0	39,906
80	399000	Allocated Corporate Plant	0	0	0	0	0	0	0	0	0
81		Rounding/Reconciling	3	0	0	0	0	0	0	0	3
82			0	0	0	0	0	0	0	0	0
83		Total Plant in Service	\$46,731,133	\$0	\$0	\$0	(\$46,307)	\$0	\$0	\$0	\$46,684,826
84		Accumulated Depreciation	15,934,125	279,644	0	0	(46,307)	0	0	0	16,167,462
85		Net Plant in Service (L58 - L59)	\$30,797,008	(\$279,644)	\$0	\$0	\$0	\$0	\$0	\$0	\$30,517,364
86											
87		LESS:									
88		Contributions in Aid of Construction (CIAC)	\$570,329	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$570,329
89		Less: Accumulated Amortization	89,194	0	0	0	0	0	0	0	89,194
90		Net CIAC (L63 - L64)	\$481,135	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$481,135
91		Advances in Aid of Construction (AIAC)	7,012,710	0	0	0	0	0	0	0	7,012,710
92		Customer Meter Deposits	8,257	0	0	0	0	0	0	0	8,257
93		Deferred Income Tax Credits (Debits)	696,852	0	0	0	0	0	0	0	696,852
94		Investment Tax Credits	0	0	0	0	0	0	0	0	0
95		Regulatory Liabilities	106,450	0	0	0	0	(106,450)	0	0	0
96		ADD:									
97		Working Capital Allowance	131,008	0	0	(17,518)	0	0	0	0	113,490
98		Deferred Debits	873,903	0	(806,861)	0	0	0	0	(67,042)	0
99		Original Cost Rate Base	\$23,496,516	(\$279,644)	(\$806,861)	(\$17,518)	\$0	\$106,450	(\$67,042)	\$22,431,899	
100											
101											
102		References:									
107		Column [A] Company Schedules									
108		Column [B] MJR Testimony									
109		Column [C] MJR Testimony									
110		Column [D] MJR Testimony									
111		Column [E] MJR Testimony									
112		Column [F] MJR Testimony									
113		Column [G] Sum of Columns A thru F									

RATE BASE ADJUSTMENT NO. 1 -DEBIT ACCUMUALTED DEPRECIATION

	ACCT. NO.	DESCRIPTION	[A]	[B]	[C]
			Debit Accum Deprecition	Phantom Assets	Staff Recommended
3					
4		<u>PLANT IN SERVICE:</u>			
5	303300	Land and Land Rights Pumping	(\$10)	(\$10)	\$0
6	304200	Structures and Improvements - Pumping	(225)	(225)	0
7	340100	Office Furniture & Equipment	(5,919)	(5,919)	0
8	340200	Computer & Periphal Equipment	(254,621)	(254,621)	0
9	346190	Remote Control Instr(corp alloc plant)	(289)	(289)	0
10	346200	Communication Equipment Telephone	(10,833)	(10,833)	0
11	346300	Communication Equipment Other	(6,235)	(6,235)	0
12	347000	Misc Equip (corp alloc plant)	(1,512)	(1,512)	0
13		Total Plant in Service	(\$279,644)	(\$279,644)	\$0

16 References:

- 17 Column [A] Company Schedules  
18 Column [B] MJR Testimony  
19 Column [C] Column A minus Column B



EPCOR Water Arizona - Mohave Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule MJR-6

**RATE BASE ADJUSTMENT NO. 2 - REVERSAL OF AFUDC AND DEFERRED DEPRECIATION DEFERRAL**

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Deferred Debits	\$873,903	(\$806,861)	\$67,042

REFERENCES:

Columns [A]: Company schedules  
Column [B]: Column [C] less Column [A]  
Column [C]: See testimony MJR

RATE BASE ADJUSTMENT NO. 3 - WORKING CAPITAL

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] LEAD/LAG FACTOR COMPANY	Divide by 365 days	[E] B-6, page 1 CASH WORKING CAPITAL REQ COMPANY	[F] CASH WORKING CAPITAL REQ STAFF
1	Labor	\$1,389,973	(\$31,653)	\$1,358,320	10.507	0.0288	\$40,012	\$39,101
2	Purchased Water	26,831	(0)	26,831	(71.940)	(0.1971)	(5,288.28)	(5,288)
3	Fuel & Power	546,720	(0)	546,720	(9.302)	(0.0255)	(13,933.12)	(13,933)
4	Chemicals	10,916	0	10,916	34.140	0.0935	1,021.02	1,021
5	Waste Disposal	7,886	0	7,886	9.045	0.0248	195.42	195
6	Intercompany Support Services	950	0	950	10.723	0.0294	27.91	28
7	Corporate Allocation	347,018	(23,597)	323,421	10.720	0.0294	10,191.87	9,499
8	Outside Services	192,587	0	192,587	8.807	0.0241	4,046.89	4,647
9	Group Insurance	425,293	<sup>1</sup> (6,694)	418,599	51.856	0.1421	60,421.90	59,471
10	Pensions		6,694	6,694	51.856	0.1421	-	951
11	Regulatory Expense	85,438	<sup>2</sup> (85,438)	0	74.238	0.2034	17,377.39	-
12	Insurance Other Than Group	101,045	0	101,045	(23.761)	(0.0651)	(6,577.89)	(6,578)
13	Customer Accounting	596,154	58,790	654,944	(8.686)	(0.0238)	(14,186.83)	(15,586)
14	Rents	16,923	0	16,923	1.575	0.0043	73.02	73
15	General Office Expense	247,950	(21,737)	226,213	8.570	0.0235	5,821.73	5,311
16	Miscellaneous	50,657	5,023	55,680	15.193	0.0416	2,108.58	2,318
17	Maintenance Expense	377,160	0	377,160	(4.494)	(0.0123)	(4,643.72)	(4,644)
18	General Taxes-Property	180,165	(2,787)	177,378	(172.110)	(0.4715)	(84,953.97)	(83,640)
19	Taxes Payroll	97,538	<sup>3</sup> 0	97,538	14.738	0.0404	3,938.40	3,938
20	General Taxes-Other	52,291	<sup>3</sup> 0	52,291	171.732	0.4705	24,602.84	24,603
21	Income Taxes	628,363	(106,803)	521,560	(0.610)	(0.0017)	(1,050.14)	(872)
22	Interest	601,511	<sup>4</sup> (18,282)	583,229	(33.360)	(0.0914)	(54,976.46)	(53,306)
23	Total Operating Expenses	\$5,983,369	(\$226,484)	\$5,756,885				
24								
25	CASH WORKING CAPITAL REQUIREMENT						(15,171)	(32,690)
26								
27								
28		Company		Staff				
29	Company As Filed Cash Working Capital Co Schedule B-6, Staff Col F	(\$15,171)	(\$17,518)	(\$32,690)				
30	Company as filed material and Supplies Inventories B-5	\$110,557	\$0	\$110,557				
31	Company as Filed Prepayments B-5	\$35,622	\$0	\$35,622				
32								
33	Working Capital	\$131,008	(\$17,518)	\$113,489				
34								
35								
36								
37								

<sup>1</sup> Company did not breakdown Lead/Lag B-6 between group insurance and pensions

<sup>2</sup> Staff removed Regulatory expense from lead lag estimates

<sup>3</sup> Staff accepts Company breakdown between payroll taxes and other taxes.

<sup>4</sup> Staff Cost of Capital Testimony

<sup>5</sup> Staff calculates property and income taxes based on Staff's recommended revenue requirement.

<sup>6</sup> Water Testing included in miscellaneous charges

43 References:

44 Column [A]: Company Schedule B-6

45 Column [B]: Staff adjustments to expenses, See Testimony CLP

46 Column [C]: Column [A] + Column [B]

47 Column [D]: Company provided Lead/Lag Factor

48 Column [E]: Column [A] \* Column [D]

49 Column [F]: Column [C] \* Column [D]

R Water Arizona - Mohave Water District  
t No. WS-01303A-14-0010  
ear Ended June 30, 2013

Final Schedule MJR-8

**RATE BASE ADJUSTMENT NO. 4A - WELL RETIREMENTS**

<u>Description</u>	[A] COMPANY AS <u>FILED</u>	[B] STAFF STAFF <u>ADJUSTMENTS</u>	[C] STAFF AS <u>ADJUSTED</u>
Wells & springs	<u>\$6,589,253</u>	<u>(\$46,307)</u>	<u>\$6,542,946</u>
Accumulated Depreciation	590,903	(\$46,307)	<u>\$544,596</u>

Columns [A]: Company schedules

Column [B]: Column [C] less Column [A]

Column [C]: See testimony MJR

EPCOR Water Arizona - Mohave Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule MJR-8A

RATE BASE ADJUSTMENT NO. 5 - REVERSAL OF REGULATORY LIABILITY FOR LOW INCOME TARIFF OVER-COLLECTION
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LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Regulatory Liability	<u>\$106,450</u>	<u>(\$106,450)</u>	<u>\$0</u>

REFERENCES:

Columns [A]: Company schedules  
Column [B]: Column [C] less Column [A]  
Column [C]: See testimony MJR

**RATE BASE ADJUSTMENT NO. 6 - REVERSAL OF DEFERRED DEBITS**

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Deferred Debits	\$67,042	<sup>1</sup> (\$67,042)	\$0

REFERENCES:

Columns [A]: Company schedules  
Column [B]: Column [C] less Column [A]  
Column [C]: See testimony MJR

<sup>1</sup> Amount Reduced by 24 month deferral adjustment

OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF RECOMMENDED CHANGES	[E] STAFF RECOMMENDED
1	Water Revenues	\$6,132,996	\$35,483	\$6,168,479	\$1,538,991	\$7,707,470
2	Other Revenues	221,297	0	221,297	0	221,297
3	Other	0	0	0	0	0
4	<b>Total Operating Revenues</b>	<b>\$6,354,293</b>	<b>\$35,483</b>	<b>\$6,389,776</b>	<b>\$1,538,991</b>	<b>\$7,928,767</b>
5	Labor	\$1,389,973	(31,653)	\$1,358,320	\$0	\$1,358,320
6	Purchased Water	26,831	0	26,831	0	26,831
7	Fuel & Power	546,720	0	546,720	0	546,720
8	Chemicals	10,916	0	10,916	0	10,916
9	Waste Disposal	7,886	0	7,886	0	7,886
10	Intercompany Support Services	950	0	950	0	950
11	Corporate Allocation	347,018	(23,597)	323,421	0	323,421
12	Outside Services	192,587	0	192,587	0	192,587
13	Group Insurance	418,599	0	418,599	0	418,599
14	Pensions	6,694	0	6,694	0	6,694
15	Regulatory Expense	85,438	(39,715)	45,723	0	45,723
16	Insurance Other Than Group	101,045	0	101,045	0	101,045
17	Customer Accounting	581,279	50,387	631,666	23,278	654,944
18	Water Testing Expense	0	32,262	32,262	0	32,262
19	Rents	16,923	0	16,923	0	16,923
20	General Office Expense	247,950	(21,737)	226,213	0	226,213
21	Miscellaneous	50,657	(27,239)	23,418	0	23,418
22	Maintenance Expense	377,160	0	377,160	0	377,160
23	Depreciation & Amortization	1,331,139	(57,392)	1,273,747	0	1,273,747
24	General Taxes-Property	163,376	906	164,282	13,097	177,378
25	General Taxes-Other	149,829	0	149,829	0	149,829
26	Income Taxes	(114,941)	66,108	(48,833)	570,393	521,560
27	<b>Total Operating Expenses</b>	<b>\$5,938,028</b>	<b>(\$51,671)</b>	<b>\$5,886,357</b>	<b>\$606,768</b>	<b>\$6,493,126</b>
28	<b>Operating Income (Loss)</b>	<b>\$416,265</b>	<b>\$87,154</b>	<b>\$503,419</b>	<b>\$932,223</b>	<b>\$1,435,642</b>

References:

Column [A]: Company Schedule C-1  
Column [B]: Schedule CLP-11  
Column [C]: Column [A] + Column [B]  
Column [D]: Schedules CLP 2, Lines 34 and 50  
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Water Revenue Ref: Sch CLP-12	[C] ADJ #2 Depreciation Exp. Ref: Sch CLP-13	[D] ADJ #3 Property Taxes Ref: Sch CLP-14	[E] ADJ #4 Income Taxes Ref: Sch CLP-15	[F] ADJ #5 Corporate Allocation Ref: Sch CLP-16	[G] ADJ #6 Water Testing Ref: Sch CLP-17	[H] ADJ #7 Rate Case Expense Ref: Sch CLP-18	[I] ADJ #8 Bad Debts Expense Ref: Sch CLP-19	[J] STAFF ADJUSTED
1	Water Revenues	\$6,132,996	\$35,483	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,168,479
2	Other Revenues	221,297	0	0	0	0	0	0	0	0	221,297
3	Other	0	0	0	0	0	0	0	0	0	0
4	Total Operating Revenues	\$6,354,293	\$35,483	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,389,776
5	Labor	\$1,389,973	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,389,973
6	Purchased Water	26,831	0	0	0	0	0	0	0	0	26,831
7	Fuel & Power	546,720	0	0	0	0	0	0	0	0	546,720
8	Chemicals	10,916	0	0	0	0	0	0	0	0	10,916
9	Waste Disposal	7,886	0	0	0	0	0	0	0	0	7,886
10	Intercompany Support Services	950	0	0	0	0	0	0	0	0	950
11	Corporate Allocation	347,018	0	0	0	0	0	0	0	0	347,018
12	Outside Services	192,587	0	0	0	0	0	0	0	0	192,587
13	Group Insurance	418,599	0	0	0	0	0	0	0	0	418,599
14	Pensions	6,694	0	0	0	0	0	0	0	0	6,694
15	Regulatory Expense	85,438	0	0	0	0	0	0	0	0	85,438
16	Insurance Other Than Group	101,045	0	0	0	0	0	0	0	0	101,045
17	Customer Accounting	581,279	0	0	0	0	0	0	0	0	581,279
18	Water Testing Expense	0	0	0	0	0	0	0	0	0	0
19	Rents	16,923	0	0	0	0	0	0	0	0	16,923
20	General Office Expense	247,950	0	0	0	0	0	0	0	0	247,950
21	Miscellaneous	50,657	0	0	0	0	0	0	0	0	50,657
22	Maintenance Expense	377,160	0	0	0	0	0	0	0	0	377,160
23	Depreciation & Amortization	1,331,139	0	0	0	0	0	0	0	0	1,331,139
24	General Taxes-Property	163,376	0	0	0	0	0	0	0	0	163,376
25	General Taxes-Other	149,829	0	0	0	0	0	0	0	0	149,829
26	Income Taxes	(114,941)	0	0	0	0	0	0	0	0	(114,941)
27	Total Operating Expenses	\$5,938,027	0	\$57,392	\$906	\$66,107	\$77,499	\$5,535	(\$39,715)	0	\$5,886,357
28	Operating Income (Loss)	\$416,266	\$35,483	\$57,392	\$906	\$66,107	\$77,499	(\$5,535)	\$39,715	(\$50,387)	\$416,266

OPERATING INCOME ADJUSTMENT NO. 1 - WATER REVENUE
---

LINE	ACCT		[A]	[B]	[C]
NO.	NO.	DESCRIPTION	COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1		Water Revenue	<u>\$6,132,996</u>	<u>\$35,483</u>	<u>\$6,168,479</u>

Adjustment for over collection of water revenue from the Low-Income  
Program miscoded as a Regulatory Liability on Company's Schedule B-1 & B-2

References:

Column [A]: Company Revised Schedule C-2  
Column [B]: Testimony CLP  
Column [C]: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 2 - DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	DESCRIPTION	(A)	(B)	(C)	(D)
			PLANT BALANCE	Non-Depreciable/ Fully Depreciated	DEPRECIATION RATE	DEPRECIATION EXPENSE
Staff Recommended						
1	PLANT IN SERVICE:					
2	301000	Other Intangible Plant	\$34,004	\$ 34,004	0.00%	\$0
3	302000	Franchises	37,061	37,061	0.00%	-
4	303200	Land and Land Rights Supply	528,700	528,700	0.00%	-
5	303300	Land and Land Rights Pumping	2,351	2,351	0.00%	-
6	303400	Land & Land Rights Treatment	-	-	0.00%	-
7	303500	Land & Land Rights T&D	9,609	9,609	0.00%	-
8	303600	Land & Land Rights General	47,358	47,358	0.00%	-
9	304100	Structures and Improvements - Supply	475,826	-	2.50%	11,896
10	304200	Structures and Improvements - Pumping	31,201	-	2.00%	624
11	304300	Structures and Improvements - Treatment	47,846	-	2.00%	957
12	304400	Structures & Improvements Trans & Dist	43,546	-	2.00%	871
13	304500	Structures & Improvements General	43,231	-	2.50%	1,081
14	304600	Structures and Improvements - Offices	449,617	-	2.50%	11,240
15	304620	Street & Imp Leasehold	-	-	2.50%	-
16	304700	Structures & Improvements Store,Shop,Gge	29,223	-	2.50%	731
17	304800	Structures & Improvements Miscellaneous	-	-	2.50%	-
18	305000	Collect & Impounding	663,944	-	1.67%	11,088
19	307000	Wells & springs	6,542,946	-	2.50%	163,574
20	309000	Supply Mains	93,481	-	1.67%	1,561
21	310000	Power Production Equipment	50,355	-	3.33%	1,677
22	311000	Pumping Equipment Steam	409,521	-	4.00%	16,381
23	311200	Pumping Equipment Electric	2,782,896	-	4.00%	111,316
24	311300	Pumping Equipment Diesel	-	-	4.00%	-
25	311400	Pumping Equipment Hydraulic	-	-	4.00%	-
26	311500	Pumping Equipment Other	1,009	-	4.00%	40
27	311530	Pumping Equipment Water Treatment	-	-	4.00%	-
28	320100	Water Treatment Equipment Non-Media	96,933	96,933	5.00%	-
29	320200	Water Treatment Equipment Filter Media	340,547	-	10.00%	36,055
30	330000	Distribution Reservoirs & Standpipes	2,832,819	-	1.54%	43,625
31	330100	Elevated tank and Standpipes	-	-	1.54%	-
32	331001	TD Mains Not Classified by Size	269,444	-	2.00%	5,389
33	331100	TD Mains 4in & Less	12,008,818	-	1.43%	171,726
34	331200	TD Mains 6in to 8in	3,693,499	-	1.43%	52,817
35	331300	TD Mains 10in to 16in	1,484,810	-	1.43%	21,233
36	331400	TD Mains 18in & Gtr	76,265	-	1.43%	1,091
37	332000	Fire Mains	-	-	1.43%	-
38	333000	Services	7,853,908	-	2.50%	196,348
39	334100	Meters	2,638,551	-	8.33%	219,791
40	334200	Meter Installations	276,354	-	2.50%	6,909
41	334300	Meter Vaults	-	-	2.50%	-
42	335000	Hydrants	185,402	-	2.00%	3,708
43	339200	Other P/E Supply	82,583	-	3.33%	2,750
44	339500	Other P/E TD	-	-	0.00%	-
45	339600	Other P/E-CPS	186,826	-	3.33%	6,221
46	340100	Office Furniture & Equipment	101,669	-	4.50%	4,575
47	340200	Computer & Peripheral Equipment	109,956	-	10.00%	10,996
48	340300	Computer Software	3,521	-	20.00%	704
49	340330	Computer Software Other	-	-	20.00%	-
50	340375	Computer Software Customized	-	-	20.00%	-
51	340500	Other Office Equipment	-	-	0.00%	-
52	341100	Transportation Equip Light Duty Trucks	99,015	99,015	20.00%	-
53	341200	Transportation Equip Heavy Duty Trucks	72,088	-	14.29%	10,301
54	341400	Transportation Equipment Other	59,848	-	16.67%	9,977
55	342000	Stores Equipment	1,420	1,420	4.00%	-
56	343000	Tools,Shop,Garage Equipment	221,155	-	4.00%	8,846
57	344000	Laboratory Equipment	7,623	7,623	4.00%	-
58	345000	Power Operated Equipment	171,959	171,959	5.00%	-
59	346100	Communication Equipment Non-Telephone	188,877	-	10.00%	18,888
60	346190	Remote Control & Instrument	880,738	-	10.00%	88,074
61	346200	Communication Equipment Telephone	-	-	10.00%	-
62	346300	Communication Equipment Other	5,111	-	10.00%	511
63	347000	Miscellaneous Equipment	-	-	6.25%	-
64	304500	Structures & Imp General	9,553	-	2.50%	239
65	304600	Structures & Improvement Offices	(676)	-	2.50%	(17)
66	304620	Structures & Improvements Leasehold	1,950	-	2.50%	49
67	334100	Meters	1,151	-	8.33%	96
68	339600	Other P/E CPS	35,759	-	3.33%	1,191
69	340100	Office furniture & Equipemnt	123,778	-	4.50%	5,570
70	340200	Computer & Peripheral Equ	82,275	-	10.00%	8,228
71	340300	Computer Software	55,124	1,477	20.00%	10,729
72	340330	Transportation Equipment Other	624	-	20.00%	125
73	341400	Transportation Equipment Other	11,409	-	16.67%	1,902
74	343000	Tools,Shop,Garage Equipment	1,531	-	4.00%	61
75	344000	Laboratory Equipemnt	1,693	-	4.00%	68
76	346100	Communication Equipment non-telephone	18,236	-	10.00%	1,824
77	346190	Remote Control & Instrument	1,489	-	10.00%	149
78	346200	Communication Equipment Telephone	7,077	-	10.00%	708
79	346300	Communication Equip Other	480	-	10.00%	48
80	347000	Miscellaneous Equip	39,906	-	6.25%	2,494
81						
82	0	Rounding/Reconciling				
83						
84	0	Rounding	3			
85						
86		Total Plant in Service	46,684,826	1,037,510	0.00%	\$ 1,287,032
87						
88		Less Non Depreciable Plant	1,037,510			
89						
90						
91		Net Depreciable Plant and Depreciation Amounts	\$45,647,316			\$0
92						
93						
94						
95						
96						
97		Composite Depreciation Rate			2.82%	
98		Less				
99		Amortization of CIAC at Composite Rate				\$1,270,952
100		CIAC	\$570,329			\$2,795
101		Staff Recommended Depreciation Expense/CIAC Amortization				\$1,273,747
102		Y&K amortization				1,331,139
103		Staff Recommended Depreciation Expense/Amortization				(857,892)
104		Company Proposed Depreciation Expense				
105		Staff Adjustment				
106						
107						
108						
109						
110						
111		References:				
112	Col A	Schedule MFR-4				
113	Col B	Fully Depreciated Plant from Company G-5 Schedules				
114	Col C	Rates Staff Engineering Report				

OPERATING ADJUSTMENT NO. 3 - PROPERTY TAX EXPENSE

LINE NO.	DESCRIPTION	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$6,389,776	\$6,389,776
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	12,779,552	12,779,552
4	Staff Recommended Revenue, Per Schedule CLP-1	6,389,776	7,928,767
5	Subtotal (Line 4 + Line 5)	19,169,328	20,708,319
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	6,389,776	6,902,773
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	12,779,552	13,805,546
10	Plus: 10% of CWIP	90,135	90,135
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	12,869,687	13,895,681
13	Assessment Ratio	18.50%	18.50%
14	Assessment Value (Line 12 * Line 13)	2,380,892	2,570,701
15	Composite Property Tax Rate - Obtained from ADOR	6.90%	6.90%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$164,282	
17	Company Proposed Property Tax	\$163,376	
18	Staff Test Year Adjustment (Line 16 - Line 17)	<u>\$906</u>	
19	Property Tax on Staff Recommended Revenue (Line 14 * Line 15)		\$177,378
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$164,282
21	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$13,097</u>
22	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$13,097
23	Increase in Revenue Requirement		\$1,538,991
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		0.85100%

REFERENCES:

Line 15: Composite Tax Rate obtained from Arizona Department of Revenue

Line 17: Company Revised Schedule C-1, Line 24

Line 21: Line 19 - Line 20

Line 23: Schedule CLP-1, Line 8

EPCOR Water Arizona - Mohave Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-15

OPERATING INCOME ADJUSTMENT NO. 4 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Taxes	<u>(\$114,941)</u>	<u>\$66,108</u>	<u>(\$48,833)</u>

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

Tax Rates & Tax Calculation- Schedule 2 - GRCF

EPCOR Water Arizona - Mohave Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

OPERATING INCOME ADJUSTMENT NO. 5 - CORPORATE ALLOCATION									
LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED ALLOCATIONS	[B] COMPANY ADJ. TY OP. EXPENSES	[C] COMPANY ALLOCATION RATE	[D] STAFF'S UNALLOWABLE EXPENSES	[E] STAFF ADJUSTMENTS Col. [D] x Col. [C]	[F] STAFF RECOMMENDED Col. [B] - Col. [E]		
		\$558,760	\$1,389,973	7.8964%	(\$400,855)	(\$31,653)	\$527,107	5a	
1	Labor	0	26,831	7.8964%		0	0		
2	Purchased Water	3,602	546,720	7.8964%		0	3,602		
3	Fuel & Power	86	10,916	7.8964%		0	86		
4	Chemicals	185	7,886	7.8964%		0	185		
5	Waste Disposal	(4,501)	950	7.8964%		0	(4,501)		
6	Intercompany Support Services	399,688	347,018	7.8964%	(298,829)	(23,597)	376,091	5b	
7	Corporate Allocation	47,723	192,587	7.8964%		0	47,723	5c	
8	Outside Services	101,716	418,599	7.8964%		0	101,716	5d	
9	Group Insurance	(9,742)	6,694	7.8964%		0	(9,742)	5e	
10	Pensions	22,771	85,438	7.8964%		0	22,771		
11	Regulatory Expense	14,212	101,045	7.8964%		0	14,212		
12	Insurance Other Than Group	28,999	581,279	7.8964%		0	28,999	5f	
13	Customer Accounting	22,872	16,923	7.8964%		0	22,872		
14	Rents	74,538	247,950	7.8964%	(275,278)	(21,737)	52,801	5g	
15	General Office Expense	16,073	50,657	7.8964%	(6,485)	(512)	15,561	5h	
16	Miscellaneous	70,081	377,160	7.8964%		0	70,081		
17	Maintenance Expense	158,997	1,331,139	7.8964%		0	0		
18	Depreciation & Amortization	0	163,376	7.8964%		0	0		
19	General Taxes-Property	54,978	149,829	7.8964%	(1,317,140)	[2]	54,978		
20	General Taxes-Other	(199,964)	(114,941)	7.8964%		0	(199,964)		
21	Income Taxes								
22	Total Operating Expenses	\$1,361,074	\$5,938,028		(\$2,298,586)	(\$77,499)	\$1,124,579		

[1] Column [C] represents Staff's total unallowable Corporate Allocation for all 21 districts. Each district's expense is multiplied by Epcor's 4-factor cost allocation.  
[2] Staff is not recommending adjusting the depreciation & amortization expense on this schedule because this adjustment is being captured on Schedule CLP-13.  
and discussed in Ms. Rinback's testimony who is covering Rate Base, Plant and Depreciation.

References:  
Column [A]: Company Revised Schedule C-1  
Column [D]: Column [A] + Column [B] + Column [C]  
Column [F]: Staff Schedule CLP-15 page 2  
Column [G]: Column [E] \* Column [F]  
Column [H]: Column [B] + Column [G]

EPCOR Water Arizona - Mohave Water District

Docket No. WS-01303A-14-0010  
 Test Year Ended June 30, 2013

DESCRIPTION	DETAILS	AMOUNT
Labor	STIP pay	(\$400,855)
Corporate Allocation	At-Risk Compensation	(298,829)
General Office Expense	Promotion	
	Recognition	(\$102,421)
	Training - Fees/Tuition	(87,430)
	Meals/Entertainment	(44,119)
	Donations	(34,534)
	Stationary, Printing & Other O	(4,133)
	Accommodation, Other Travel	(2,345)
		(298)
Miscellaneous	General Office Expense Total	(275,278)
		(6,485)
Depreciation & Amortization	Amortization of Utility Plant Acquisition Adjustment	(\$1,000,110)
	Amortization of AFUDC	(317,030)
	Depr. & Amortization Expense Total	(1,317,140)
	Total	(\$2,298,586)

OPERATING INCOME ADJUSTMENT NO. 6 - WATER TESTING

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Testing Expense	\$0	\$32,262	\$32,262
2	Miscellaneous Expense	\$50,657	(\$26,727)	\$23,930
3	Adj. for Water Testing Expense		\$5,535	
4				
5				
6	<b>Recap of Misc. Expense Adj.</b>			
7	Corporate Allocation Adj. (Sch CLP-16)		(\$512)	
8	Reclassify Water Testing Exp. (Sch CLP-17)		(\$26,727)	
9	Total Misc. Exp. Adj (Sch CLP-11).		(\$27,239)	
10	Company Schedule C-2		\$50,657	
11	<b>Staff Recommended Misc. Expense</b>		<b>\$23,418</b>	

References:

Column [A]: Company Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

EPCOR Water Arizona - Mohave Water District  
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Test Year Ended June 30, 2013

Final Schedule CLP-18

OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE
---

LINE	ACCT NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Regulatory Expense	<u>\$85,438</u>	<u>(\$39,715)</u>	<u>\$45,723</u>

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

**OPERATING INCOME ADJUSTMENT NO. 8 - BAD DEBTS EXPENSE**

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Customer Accounting - Bad Debt	\$581,279	\$50,387	\$631,666
2				
5				
6				
7				Actual TY Bad Debt
8				Month
9				July-12
10				\$4,118
11				Aug-12
12				3,487
13				Sep-12
14				4,372
15				Oct-12
16				6,439
17				Nov-12
18				11,258
19				Dec-12
20				14,292
21				Jan-13
22				11,844
23				Feb-13
24				8,474
25				Mar-13
26				14,851
27				Apr-13
28				3,772
29				May-13
30				5,381
31				Jun-13
				8,363
				Total
				\$96,650
23	Test Year Bad Debt Expense		4 Factor	Connection Count
24	Jul to Dec 2012 Months Bad Debt Expense	\$266,016	7.9%	\$21,006
25	Jan to Jun 2013 Bad Debt Expense	256,213	9.86%	25,258
26				\$46,263
27				
28			Net Adjustment	\$50,387
29				
30			\$6,389,776	TY Revenue
31			1.5126%	Bad Debts write-off %

References:

Column A: Company Schedule C-2 (Direct)  
Column B: Company Schedule C-2 (Rebuttal), Staff Testimony (Surrebuttal)  
Column C: Column [A] + Column [B]



RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4" Meter - Residential Low Income	\$6.00	\$9.33	\$8.13
5/8 x 3/4" Meter *	11.00	15.54	13.55
3/4" Meter	11.00	15.54	20.33
3/4" Meter - Apartment	NT	15.54	20.33
1" Meter *	27.50	38.86	33.88
1 1/2" Meter	55.00	77.72	67.75
2" Meter	88.00	124.34	108.40
3" Meter	176.00	248.69	216.80
4" Meter	275.00	388.58	338.75
6" Meter	550.00	777.15	677.50
8" Meter	880.00	1,243.44	1,084.00
10" Meter	1,265.00	1,787.45	1,558.25
12" Meter	2,365.00	3,341.75	2,913.25
BHC Veterans	11.00	15.54	13.55
Fire 2"	\$5.00	\$6.03	\$6.03
Fire 4"	10.00	12.07	12.07
Fire 6"	15.00	18.10	18.10
Fire 8"	20.00	24.13	24.13
Fire 10"	25.00	30.16	30.16
Private Hydrant	12.32	14.86	14.86
Public Hydrant	12.32	14.86	14.83
Public Sprinkler Head	0.73	0.88	0.88

Commodity Rates-Per 1,000 Gallons

5/8 x 3/4" & 3/4" Meter (Residential) *			
First 3,000 Gallons	\$0.8800	\$1.5500	\$1.1360
From 3,001 to 10,000 Gallons	1.8400	2.5000	2.3230
Over 10,000 Gallons	3.0000	3.2250	3.7790
5/8 x 3/4" & 3/4" Meter (Commercial & Industrial)			
First 10,000 Gallons	\$1.8400	\$2.5000	\$2.3230
Over 10,000 Gallons	3.0000	3.2250	\$3.7790
3/4" Meter (Apartment)			
First 10,000 Gallons	N/A	\$2.5000	
Over 10,000 Gallons	N/A	3.2250	
1" Meter (Res. *, Apt., Comm., & Ind.)			
First 15,000 Gallons	\$1.8400	\$2.5000	\$2.3230
Over 15,000 Gallons	3.0000	3.2250	\$3.7790
1 1/2" Meter (Res., Apt., Comm., & Ind.)			
First 30,000 Gallons	\$1.8400	\$2.5000	\$2.3230
Over 30,000 Gallons	3.0000	3.2250	\$3.7790
2" Meter (Res., Apt., Comm., & Ind.)			
First 50,000 Gallons	\$1.8400	\$2.50	\$2.3230
Over 50,000 Gallons	3.0000	3.2250	\$3.7790
3" Meter (Res., Apt., Comm., & Ind.)			
First 100,000 Gallons	\$1.8400	\$2.5000	\$2.3230
Over 100,000 Gallons	3.0000	3.2250	3.7790
4" Meter (Res., Apt., Comm., & Ind.)			
First 150,000 Gallons	\$1.8400	\$2.5000	\$2.3230
Over 150,000 Gallons	3.0000	3.2250	3.7790
6" Meter (Res., Apt., Comm., & Ind.)			
First 300,000 Gallons	\$1.8400	\$2.5000	\$2.3230
Over 300,000 Gallons	3.0000	3.2250	3.7790
8" Meter (Res., Apt., Comm., & Ind.)			
First 500,000 Gallons	\$1.8400	\$2.5000	\$2.3230
Over 500,000 Gallons	3.0000	3.2250	3.7790
10" Meter (Res., Apt., Comm., & Ind.)			
First 750,000 Gallons	\$1.8400	\$2.5000	\$2.3230
Over 750,000 Gallons	3.0000	3.2250	3.7790

12" Meter	(Res., Apt., Comm., & Ind.)			
First 1,400,000 Gallons		\$1.8400	\$2.5000	\$2.3230
Over 1,400,000 Gallons		3.0000	3.2250	3.7790
BHC Veterans Memorial				
First 10,000 Gallons		\$1.8400	\$2.5000	\$2.3230
Over 10,000 Gallons		3.0000	3.2250	3.7790
OPA	(All Meters)			
All Gallons		\$1.8400	\$2.5000	\$2.3230
Fire and Hydrant Water				
All Gallons		\$1.8400	\$2.5000	\$2.3230
Low Income Surcharge**		\$0.2066	\$0.0580	0.05070

\*\* The surcharge will be added to the highest block commodity rate (residential, apartment, industrial and commercial customers only), and will change upon the Company's annual reconciliation of number of participants and top tier usage.

Service Charges			
Establishment or Reestablishment of Service			\$35.00
Not included with establishment of sewer utility services	\$20.00	Remove from Tariff	Remove from Tariff
Included as part of establishment of sewer utility services	25.00	Remove from Tariff	Remove from Tariff
Regular Hours	N/A	\$35.00	Remove from Tariff
After Hours	N/A	65.00	Remove from Tariff
Reconnection of Service(Delinquent):			35.00
Regular hours	35.00	35.00	Remove from Tariff
After Hours	35.00	65.00	Remove from Tariff
Meter Test (If Correct)	35.00	35.00	35.00
Meter Re-Read (If Correct)	25.00	25.00	25.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (None Residential Meter)	(a)	(a)	(a)
Deposit Interest	(a)	(a)	(a)
NSF Check	25.00	25.00	25.00
Deferred Payment, Per Month	1.5% per month	1.5% per month	1.5% per month
Late Charge per month	1.5% per month	1.5% per month	1.5% per month
After Hours Service Charge (b)	N/A	N/A	30.00

(b) **After Hours Service :** After regular working hours, on Saturdays, Sundays or holidays if at the customer's request or for the customer's convenience.

[illegible]

EPCOR Water Company  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2014  
Mohave Water District

Final Schedule BAB-2

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,800	\$20.63	\$29.69	\$9.06	43.90%
Median Usage	5,000	\$17.32	\$25.19	\$7.87	45.44%
<b>Staff Recommended</b>					
Average Usage	6,800	\$20.63	\$25.79	\$5.15	24.98%
Median Usage	5,000	\$17.32	\$21.60	\$4.28	24.73%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	Increase	Staff Recommended Rates	Increase
-	\$11.00	\$15.54	41.27%	\$13.55	23.18%
1,000	11.88	17.09	43.86%	14.69	23.62%
2,000	12.76	18.64	46.08%	15.82	24.00%
3,000	13.64	20.19	48.02%	16.96	24.33%
4,000	15.48	22.69	46.58%	19.28	24.55%
5,000	17.32	25.19	45.44%	21.60	24.73%
6,000	19.16	27.69	44.52%	23.93	24.88%
7,000	21.00	30.19	43.76%	26.25	25.00%
8,000	22.84	32.69	43.13%	28.57	25.10%
9,000	24.68	35.19	42.59%	30.90	25.19%
10,000	26.52	37.69	42.12%	33.22	25.26%
11,000	29.73	40.97	37.83%	37.05	24.63%
12,000	32.93	44.26	34.38%	40.88	24.13%
13,000	36.14	47.54	31.54%	44.71	23.71%
14,000	39.35	50.82	29.17%	48.54	23.36%
15,000	42.55	54.11	27.15%	52.37	23.06%
16,000	45.76	57.39	25.41%	56.20	22.81%
17,000	48.97	60.67	23.90%	60.03	22.59%
18,000	52.17	63.95	22.58%	63.86	22.39%
19,000	55.38	67.24	21.41%	67.69	22.22%
20,000	58.59	70.52	20.37%	71.52	22.07%
25,000	74.62	86.94	16.51%	90.66	21.50%
30,000	90.65	103.35	14.01%	109.81	21.14%
35,000	106.69	119.77	12.26%	128.96	20.88%
40,000	122.72	136.18	10.97%	148.11	20.69%
45,000	138.75	152.60	9.98%	167.26	20.55%
50,000	154.78	169.01	9.19%	186.41	20.43%
75,000	234.95	251.09	6.87%	282.15	20.09%
100,000	315.11	333.16	5.73%	377.89	19.92%

**EPCOR Water Arizona - Paradise Valley Water District**

Docket No. WS-01303A-14-0010

Test Year Ended June 30, 2013

**STAFF TESTIMONY**

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MJR- 3	<u>RATE BASE - ORIGINAL COST</u>
MJR- 4	<u>SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS</u>
MJR- 5	<u>RATE BASE ADJUSTMENT NO. 1 -DEBIT ACCUMULATED DEPRECIATION ACCUMUALTED DEPRECIATION AND NEGATIVE PLANT BALANCES</u>
MJR- 6	<u>RATE BASE ADJUSTMENT NO. 2 - REVERSAL OF AFUDC AND DEFERRED DEPRECIATION DEFERRAL</u>
MJR- 7	<u>RATE BASE ADJUSTMENT NO. 3 - WORKING CAPITAL</u>
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CLP- 10	<u>OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED</u>
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CLP- 12	<u>OPERATING INCOME ADJUSTMENT NO. 1 - WATER REVENUE</u>
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CLP- 14	<u>OPERATING INCOME STATEMENT ADJUSTMENT NO. 3 - PROPERTY TAX EXPENSE</u>
CLP- 15	<u>OPERATING INCOME STATEMENT ADJUSTMENT NO. 4 - INCOME TAXES</u>
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CLP- 17	<u>OPERATING INCOME STATEMENT ADJUSTMENT NO. 6 - WATER TESTING EXPENSE</u>
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CLP- 19	<u>OPERATING INCOME ADJUSTMENT NO. 8 - BAD DEBT EXPENSE</u>
CLP- 20	<u>OPERATING INCOME STATEMENT ADJUSTMENT NO. 9 - TANK MAINTENANCE EXPENSE (1)</u>
BAB- 1	<u>RATE DESIGN</u>
BAB- 2	<u>TYPICAL BILL ANALYSIS</u>

EPCOR Water Arizona - Paradise Valley Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-1

REVENUE REQUIREMENT
---------------------

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	\$39,380,442	\$37,188,208
2	Adjusted Operating Income (Loss)	\$2,193,723	\$2,331,010
3	Current Rate of Return (L2 / L1)	5.57%	6.27%
4	Required Rate of Return	6.87%	6.40%
5	Required Operating Income (L4 * L1)	\$2,705,436	\$2,380,045
6	Operating Income Deficiency (L5 - L2)	\$511,713	\$49,035
7	Gross Revenue Conversion Factor	1.6442	1.6344
8	Required Revenue Increase (L7 * L6)	\$841,337	\$80,142
9	Adjusted Test Year Revenue	\$9,648,251	\$9,648,251
10	Proposed Annual Revenue (L8 + L9)	\$10,489,588	\$9,728,393
11	Required Increase in Revenue (%)	8.72%	0.83%
12	Rate of Return on Common Equity (%)	11.75%	9.50%

References:

Column [A]: Company Revised Schedule A-1

Column [B]: Staff Schedules CLP-2, MJR-3, and CLP-10

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]
<i>Calculation of Gross Revenue Conversion Factor</i>				
1	Revenue	100.0000%		
2	Uncollectible Factor (Line 13)	0.1430%		
3	Revenues (L1 - L2)	99.8570%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.6715%		
5	Subtotal (L3 - L4)	61.1855%		
6	Revenue Conversion Factor (L1 / L5)	1.634374		
<i>Calculation of Uncollectible Factor</i>				
9	Unity	100.0000%		
10	Combined Federal and State Tax Rate (Line 21)	37.9600%		
11	One Minus Combined Income Tax Rate (L9 - L10)	62.0400%		
12	Uncollectible Rate	0.2305%		
13	Uncollectible Factor (L11 * L12)		0.1430%	
<i>Calculation of Effective Tax Rate</i>				
16	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%		
17	Arizona State Income Tax Rate	6.0000%		
18	Federal Taxable Income (L16 - L17)	94.0000%		
19	Applicable Federal Income Tax Rate (Line 68)	34.0000%		
20	Effective Federal Income Tax Rate (L18 x L19)	31.9600%		
21	Combined Federal and State Income Tax Rate (L17 + L20)		37.9600%	
<i>Calculation of Effective Property Tax Factor</i>				
24	Unity	100.0000%		
25	Combined Federal and State Income Tax Rate (L21)	37.9600%		
26	One Minus Combined Income Tax Rate (L24 - L25)	62.0400%		
27	Property Tax Factor (CLP-14, L25)	1.1469%		
28	Effective Property Tax Factor (L26 x L27)		0.7115%	
29	Combined Federal and State Income Tax and Property Tax Rate (L21 + L28)			38.6715%
32	Required Operating Income (Schedule CLP-1, Line 5)	\$2,380,045		
33	Adjusted Test Year Operating Income (Loss) (Schedule CLP-10, Line 32)	2,331,010		
34	Required Increase in Operating Income (L33 - L34)		\$49,035	
36	Income Taxes on Recommended Revenue (Col. [C], L62)	\$864,645		
37	Income Taxes on Test Year Revenue (Col. [A], L62)	834,653		
38	Required Increase in Revenue to Provide for Income Taxes (L36 - L37)		\$29,992	
40	Recommended Revenue Requirement (Schedule CLP-1, Line 10)	\$9,728,393		
41	Uncollectible Rate (Line 12)	0.2305%		
42	Uncollectible Expense on Recommended Revenue (L40 x L41)	\$22,421		
43	Adjusted Test Year Uncollectible Expense	22,236		
44	Required Increase in Revenue to Provide for Uncollectible Exp.		\$185	
46	Property Tax with Recommended Revenue (CLP-14, L20)	\$336,765		
47	Property Tax on Test Year Revenue (CLP-14, Col [A], L16)	335,846		
48	Increase in Property Tax Due to Increase in Revenue (L46 - L47)		\$919	
50	Total Required Increase in Revenue (L34 + L38 + L44 + L48)		\$80,130	
<i>Calculation of Income Taxes</i>				
54	Revenue (Sch CLP-10, Col. [C] L5, CLP-1, Col. [C] 10)	\$9,648,251		
55	Operating Expenses Excluding Income Taxes	6,482,588		
56	Synchronized Interest (L71)	966,893		
57	Arizona Taxable Income (L54 - L55 - L56)	\$2,198,770		
58	Arizona State Income Tax Rate	6.0000%		
59	Arizona Income Tax (L57 x L58)	\$131,926		
60	Federal Taxable Income (L57 - L59)	2,066,844		
61	Total Federal Income Tax	702,727		
62	Combined Federal and State Income Tax (L59 + L61)	\$834,653		
65	Effective Tax Rate			34.0000%
<i>Calculation of Interest Synchronization</i>				
69	Rate Base (Schedule M)R-3, Col. [C], Line 34)		\$37,188,208	
70	Weighted Average Cost of Debt		2.6000%	
71	Synchronized Interest (L69 x L70)		\$966,893	

Incr in Revs	RR Inc
\$80,142	\$80,142

Lead Lag Rate Base  
Lead Lag Interest

\$37,188,208
2.6000%
\$966,893

**RATE BASE - ORIGINAL COST**

LINE NO.		[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Plant in Service	\$73,128,007	\$8,633	\$73,136,640
2	Less: Accumulated Depreciation	23,455,384	1,416,773	24,872,157
3	Net Plant in Service	<u>\$49,672,623</u>	<u>(\$1,408,140)</u>	<u>\$48,264,483</u>
4				
5	<u>LESS:</u>			
6				
7	Contributions in Aid of Construction (CIAC)	\$18,123,892	\$0	\$18,123,892
8	Less: Accumulated Amortization	8,864,120	0	8,864,120
9	Net CIAC	<u>\$9,259,772</u>	<u>\$0</u>	<u>\$9,259,772</u>
10				
11	Advances in Aid of Construction (AIAC)	\$1,554,766	\$0	\$1,554,766
12				
13	Customer Meter Deposits	23,819	0	23,819
14	Deferred Income Tax Credits (Debits)	212,749	0	212,749
15	Investment Tax Credits	39,646	0	39,646
16				
17				
18				
19				
20	<u>ADD:</u>			
21				
22	Working Capital Allowance	19,885	(5,407)	14,478
23				
30	Deferred Debits	778,686	(778,686)	0
31				
33				
34	<b>Original Cost Rate Base</b>	<u>\$39,380,442</u>	<u>(\$2,192,233)</u>	<u>\$37,188,208</u>

References:

Column [A]: Company Schedule B-1

Column [B]: Schedule MJR-4

Column [C]: Column [A] + Column [B]

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS										
LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B]	[C]	[D]	[E]	[F]	[G]	STAFF
				ADJ #1	ADJ #2	ADJ #3	ADJ #4	ADJ #5		
				Adjust Assets	Rev AFUDC 24 Mo Def	Working Capital	Not Used	Reverse Def Debits		
PLANT IN SERVICE										
1	301000	Other Intangible Plant	\$1,831	\$0	\$0	\$0	\$0	\$0	\$0	\$1,831
2	302000	Franchises	0	0	0	0	0	0	0	0
3	303200	Land and Land Rights Supply	0	0	0	0	0	0	0	0
4	303300	Land and Land Rights Pumping	0	0	0	0	0	0	0	0
5	303400	Land & Land Rights Treatment	0	0	0	0	0	0	0	0
6	303500	Land & Land Rights T&D	8,324	0	0	0	0	0	0	8,324
7	303600	Land & Land Rights General	0	0	0	0	0	0	0	0
8	304100	Structures and Improvements - Supply	158,547	0	0	0	0	0	0	158,547
9	304200	Structures and Improvements - Pumping	1,282,693	0	0	0	0	0	0	1,282,693
10	304300	Structures and Improvements - Treatment	20,737,611	0	0	0	0	0	0	20,737,611
11	304400	Structures & Improvements Trans & Dist	23,764	0	0	0	0	0	0	23,764
12	304500	Structures & Improvements General	26,113	0	0	0	0	0	0	26,113
13	304600	Structures and Improvements - Offices	0	0	0	0	0	0	0	0
14	304620	Structures & Imp Leasehold	0	0	0	0	0	0	0	0
15	304700	Structures & Improvements Store,Shop,Gge	4,629	0	0	0	0	0	0	4,629
16	304800	Structures & Improvements Miscellaneous	(8,633)	8,633	0	0	0	0	0	0
17	307000	Wells & springs	2,639,547	0	0	0	0	0	0	2,639,547
18	309000	Supply Mains	373,503	0	0	0	0	0	0	373,503
19	310000	Power Production Equipment	230,827	0	0	0	0	0	0	230,827
20	310100	Power Generation Equip Other	554,631	0	0	0	0	0	0	554,631
21	311200	Pumping Equipment Electric	3,893,762	0	0	0	0	0	0	3,893,762
22	311300	Pumping Equipment Diesel	190	0	0	0	0	0	0	190
23	311400	Pumping Equipment Hydraulic	0	0	0	0	0	0	0	0
24	311500	Pumping Equipment Other	0	0	0	0	0	0	0	0
25	311530	Pumping Equipment Water Treatment	358,319	0	0	0	0	0	0	358,319
26	320100	Water Treatment Equipment Non-Media	10,628,952	0	0	0	0	0	0	10,628,952
27	320200	Water Treatment Equipment Filter Media	702,862	0	0	0	0	0	0	702,862
28	330000	Distribution Reservoirs & Standpipes	2,400,280	0	0	0	0	0	0	2,400,280
29	330200	Ground Level Tanks	0	0	0	0	0	0	0	0
30	331001	TD Mains Not Classified by Size	3,911,448	0	0	0	0	0	0	3,911,448
31	331100	TD Mains 4in & Less	364,519	0	0	0	0	0	0	364,519
32	331200	TD Mains 6in to 8in	5,987,202	0	0	0	0	0	0	5,987,202
33	331300	TD Mains 10in to 16in	9,380,895	0	0	0	0	0	0	9,380,895
34	331400	TD Mains 18in & Grtr	547,004	0	0	0	0	0	0	547,004
35	332000	Fire Mains	14,058	0	0	0	0	0	0	14,058
36	333000	Services	3,818,826	0	0	0	0	0	0	3,818,826
37	334100	Meters	1,426,811	0	0	0	0	0	0	1,426,811
38	334200	Meter Installations	177,916	0	0	0	0	0	0	177,916
39	334300	Meter Vaults	0	0	0	0	0	0	0	0
40	335000	Hydrants	1,384,297	0	0	0	0	0	0	1,384,297
41	339200	Other P/E-Supply	0	0	0	0	0	0	0	0
42	339600	Other P/E-CPS	180,523	0	0	0	0	0	0	180,523
43	340100	Office Furniture & Equipment	61,561	0	0	0	0	0	0	61,561
44	340200	Computer & Periph Equipment	38,077	0	0	0	0	0	0	38,077
45	340300	Computer Software	37,405	(6,528)	0	0	0	0	0	30,877
46	340330	Computer Software Other	(6,528)	6,528	0	0	0	0	0	0
47	340325	Computer Software Customized	0	0	0	0	0	0	0	0
48	340500	Other Office Equipment	321	0	0	0	0	0	0	321
49	341100	Transportation Equip Light Duty Trucks	0	0	0	0	0	0	0	0
50	341300	Transportation Equip Light Duty Trucks	0	0	0	0	0	0	0	0
51	341400	Transportation Equipment Other	194,855	0	0	0	0	0	0	194,855
52	342000	Stores Equipment	1,943	0	0	0	0	0	0	1,943
53	343000	Tools,Shop,Garage Equipment	294,430	0	0	0	0	0	0	294,430
54	344000	Laboratory Equipment	17,620	0	0	0	0	0	0	17,620
55	345000	Power Operated Equipment	32,228	0	0	0	0	0	0	32,228
56	346100	Communication Equipment Non-Telephone	456,755	0	0	0	0	0	0	456,755
57	346190	Remote Control & Instrument	609,765	0	0	0	0	0	0	609,765
58	346200	Communication Equipment Telephone	0	0	0	0	0	0	0	0
59	346300	Communication Equipment Other	58,841	0	0	0	0	0	0	58,841
60	347000	Miscellaneous Equipment	0	0	0	0	0	0	0	0
61	304500	Structures & Imp General	2,917	0	0	0	0	0	0	2,917
62	304600	Structures & Improvement Offices	132	0	0	0	0	0	0	132
63	304620	Structures & Improvements Leasehold	256	0	0	0	0	0	0	256
64	334100	Meters	351	0	0	0	0	0	0	351
65	339600	Other P/E CPS	10,917	0	0	0	0	0	0	10,917
66	340100	Office furniture & Equipmenat	37,790	0	0	0	0	0	0	37,790
67	340200	Computer & Peripheral Eqp	25,119	0	0	0	0	0	0	25,119
68	340300	Computer Software	16,829	0	0	0	0	0	0	16,829
69	340300	Computer Software	191	0	0	0	0	0	0	191
70	341400	Transportation Equipment Other	3,483	0	0	0	0	0	0	3,483
71	343000	Tools,Shop,Garage Equipment	467	0	0	0	0	0	0	467
72	344000	Laboratory Equipment	517	0	0	0	0	0	0	517
73	346100	Communication Equipment non-telephone	5,567	0	0	0	0	0	0	5,567
74	346190	Remote Control & Instrument	455	0	0	0	0	0	0	455
75	346200	Communication Equipment Telephone	2,161	0	0	0	0	0	0	2,161
76	346300	Communication Equip Other	147	0	0	0	0	0	0	147
77	347000	Miscellaneous Equip	12,183	0	0	0	0	0	0	12,183
78			0	0	0	0	0	0	0	0
79			0	0	0	0	0	0	0	0
80		Rounding	1	0	0	0	0	0	0	1
81		Total Plant in Service	\$73,128,007	\$8,633	\$0	\$0	\$0	\$0	\$0	\$73,136,640
82										
83		Less: Accumulated Depreciation	23,455,384	1,416,773	0	0	0	0	0	24,872,157
84		Net Plant in Service (L58 - L59)	\$49,672,623	(\$1,408,140)	\$0	\$0	\$0	\$0	\$0	\$48,264,483
85										
86		LESS:								
87		Contributions in Aid of Construction (CIAC)	\$18,123,892		\$0	\$0	\$0	\$0	\$0	\$18,123,892
88		Less: Accumulated Amortization	8,864,120		0	0	0	0	0	8,864,120
89		Net CIAC (L63 - L64)	\$9,259,772		\$0	\$0	\$0	\$0	\$0	\$9,259,772
90		Advances in Aid of Construction (AIAC)	1,554,766	0	0	0	0	0	0	1,554,766
91		Meter Deposits	23,819	0	0	0	0	0	0	23,819
92		Deferred Income Tax Credits (Debits)	212,749	0	0	0	0	0	0	212,749
93		Investment Tax Credits	39,646	0	0	0	0	0	0	39,646
94			0							0
95		ADD:								
96		Working Capital Allowance	19,885	0	(5,407)	0	0	0	0	14,478
97		Pumping Power	0	0	0	0	0	0	0	0
98		Purchase Wastewater Treatment Charges	0	0	0	0	0	0	0	0
99		Material and Supplies Inventory	0	0	0	0	0	0	0	0
100		Prepayments	0	0	0	0	0	0	0	0
101		Projected Capital Expenditures	0	0	0	0	0	0	0	0
102		Deferred Debits	778,686	(427,598)	0	0	0	(351,088)	0	0
103		Rounding	(1)	0	0	0	0	0	0	(1)
104		Original Cost Rate Base	\$39,380,441	(\$1,408,140)	(\$427,598)	(\$5,407)	\$0	(\$351,088)	\$37,188,208	

References:  
Column [A] Company Schedules  
Column [B] MJR Testimony  
Column [C] MJR Testimony  
Column [D] MJR Testimony  
Column [E] MJR Testimony  
Column [F] MJR Testimony  
Column [G] Sum of Columns A thru F



**RATE BASE ADJUSTMENT NO. 1-DEBIT ACCUMULATED DEPRECIATION ACCUMUALTED  
DEPRECIATION AND NEGATIVE PLANT BALANCES**

LINE NO	ACCT. NO.	DESCRIPTION	[A] Debit Accum Depreciation	[B] Phantom Assets	[C] Staff Recommended
1					
2					
3		<u>PLANT IN SERVICE:</u>			
4	301000	Other Intangible Plant	(\$477,283)	(\$477,283)	\$0
5	304200	Structures and Improvements - Pumping	(83,586)	(83,586)	0
6	304500	Structures & Improvements General	(704)	(704)	0
7	304700	Structures & Improvements Store,Shop,Gge	(17,912)	(17,912)	0
8	304800	Structures & Improvements Miscellaneous	(133,751)	(133,751)	0
9	311300	Pumping Equipment Diesel	(62,413)	(62,413)	0
10	339600	Other P/E-CPS	(573,526)	(573,526)	0
11	340330	Computer Software Other	(9,129)	(9,129)	0
12	340500	Other Office Equipment	(14,473)	(14,473)	0
13	345000	Power Operated Equipment	(43,446)	(43,446)	0
14	346190	Remote Control & Instrument	(88)	(88)	0
15	347000	Miscellaneous (Corp alloc plant)	(462)	(462)	0
16		Subtotal	(\$1,416,773)	(\$1,416,773)	\$0
17					
18					
19		Negative Plant Balances			
20	304800	Structures and Improvements miscellaneous	(\$8,633)	\$8,633	\$0
21					
22					
		Rebuttal adjustment			
	340330		(\$6,528)	\$6,528	\$0
	340300		37,405	(6,528)	30,877
			\$30,877	\$0	

25

26 References:

27 Column [A] Company Schedules

28 Column [B] MJR Testimony

29 Column [C] Column A minus Column B

EPCOR Water Arizona - Paradise Valley Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule MJR-6

**RATE BASE ADJUSTMENT NO. 2 - REVERSAL OF AFUDC AND DEFERRED DEPRECIATION DEFERRAL**

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS AMOUNT	[C] STAFF AS ADJUSTED
1	Deferred Debits	\$778,686	(\$427,598)	\$351,088
2				

REFERENCES:

Columns [A]: Amount reflected on Co Schedule B-2, page 1

Column [B]: Col [C] less Col [A]

Column [C]: Per Testimony MJR

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] LEAD/LAG FACTOR COMPANY	[E] DOLLAR DAYS COMPANY	[F] DOLLAR DAYS STAFF					
1	Labor	\$1,205,431	(\$28,673)	\$1,176,758	10.492	0.0287	\$34,650	\$33,826	\$1,205,431	\$	34,650	\$0.028745
2	Purchased Water	0	0	0	41.125	0.1127	-	-	-	-	-	-
3	Fuel & Power	1,329,578	0	1,329,578	(8.303)	(0.0227)	(30,245)	(30,245)	-	-	-	-
4	Chemicals	58,805	0	58,805	25.125	0.0688	4,048	4,048	-	-	-	-
5	Waste Disposal	15,320	0	15,320	(19.739)	(0.0541)	(828)	(828)	-	-	-	-
6	Intercompany Support Services	860	0	860	10.708	0.0293	25	25	-	-	-	-
7	Corporate Allocation	314,349	(21,375)	292,974	10.705	0.0293	9,219	8,593	-	-	-	-
8	Outside Services	233,418	0	233,418	(10.148)	(0.0278)	(6,490)	(6,490)	-	-	-	-
9	Group Insurance	325,846	3,881	321,965	51.841	0.1420	46,280	45,729	-	-	-	-
10	Regulatory Expense	66,802	(66,802)	0	74.419	0.2039	13,620	-	-	-	-	-
11	Pensions	0	0	3,881	51.841	0.1420	0	551	-	-	-	-
12	Insurance Other Than Group	138,643	0	138,643	(13.794)	(0.0378)	(5,240)	(5,240)	-	-	-	-
13	Customer Accounting	199,658	(6,651)	193,007	(8.709)	(0.0239)	(4,764)	(4,605)	-	-	-	-
14	Rents	30,456	0	30,456	9.486	0.0260	792	792	-	-	-	-
15	General Office Expense	132,498	(19,691)	112,807	6.821	0.0187	2,476	2,108	-	-	-	-
16	Miscellaneous	91,440	954	92,394	10.776	0.0295	2,700	2,728	-	-	-	-
17	Maintenance Expense	512,882	(62,193)	450,689	(9.321)	(0.0255)	(13,097)	(11,509)	-	-	-	-
18	Property Taxes	345,590	(8,825)	336,765	(172.125)	(0.4716)	(162,972)	(158,810)	-	-	-	-
19	Taxes - Payroll	85,375	0	85,375	14.723	0.0403	3,444	3,444	-	-	-	-
20	Taxes - Other	35,401	0	35,401	170.591	0.4674	16,545	16,545	-	-	-	-
21	Income Tax	1,053,144	(188,499)	864,645	(0.625)	(0.0017)	(1,803)	(1,481)	-	-	-	-
22												
23	Interest	\$1,008,139	(41,246)	\$966,893	(33.375)	(0.0914)	(92,183)	(88,411)	-	-	-	-
24		\$7,183,635	(\$446,882)	\$6,740,634					-	-	-	-
25												
26	WORKING CASH REQUIREMENT						(\$183,822)	\$ (189,231)				
27												
28												
29												
30	Company As Filed Cash Working Capital Co Schedule B-6, Staff Col F	(\$183,822)	(\$5,408)	(\$189,231)								
31	Company as filed material and Supplies											
32	Inventories B-5	\$159,515		\$159,515								
33	Company as Filed Prepayments B-5	\$44,192		\$44,192								
34	Working Capital	\$19,885	(\$5,407)	\$14,477								

Column [E]: Column [A] \* Column [D]  
Column [F]: Column [E] \* Column [B]

Water Arizona - Paradise Valley Water District  
No. WS-01303A-14-0010  
Year Ended June 30, 2013

Final Schedule MJR-8

**RATE BASE ADJUSTMENT NO. 4 - Not used**

<u>DESCRIPTION</u>	[A] COMPANY	[B]	[C]
	AS	STAFF	STAFF
	<u>FILED</u>	<u>ADJUSTMENTS</u>	<u>AS</u> <u>ADJUSTED</u>
Contributions in Aid of Construction	<u>\$18,123,892</u>	<u>\$0</u>	<u>\$18,123,892</u>

**REFERENCES:**

Columns [A]: Company schedules

Column [B]: Column [C] less Column [A]

Column [C]: See testimony MJR

EPCOR Water Arizona - Paradise Valley Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule MJR-9

<b>RATE BASE ADJUSTMENT NO. 5 -REVERSE DEFERRED DEBITS</b>
--

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Deferred Debits	<u>\$351,088</u>	<sup>1</sup> <u>(\$351,088)</u>	<sup>2</sup> <u>\$0</u>

REFERENCES:

Columns [A]: Company schedules  
Column [B]: Column [C] less Column [A]  
Column [C]: See testimony MJR

<sup>1</sup> Amount reduced by 24 month deferral adjustment

<sup>2</sup> Company adjustment DR 12.2

OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF RECOMMENDED CHANGES	[E] STAFF RECOMMENDED
1	Water Revenues	\$9,589,273	\$0	\$9,589,273	\$80,142	\$9,669,415
2	Other Revenues	58,978	0	58,978	0	58,978
3	Other	0	0	0	0	0
4	<b>Total Operating Revenues</b>	<b>\$9,648,251</b>	<b>\$0</b>	<b>\$9,648,251</b>	<b>\$80,142</b>	<b>\$9,728,393</b>
5	Labor	\$1,205,431	(\$28,673)	\$1,176,758	\$0	\$1,176,758
6	Purchased Water	0	0	0	0	0
7	Fuel & Power	1,329,578	0	1,329,578	0	1,329,578
8	Chemicals	58,805	0	58,805	0	58,805
9	Waste Disposal	15,320	0	15,320	0	15,320
10	Intercompany Support Services	860	0	860	0	860
11	Corporate Allocation	314,349	(21,375)	292,974	0	292,974
12	Outside Services	233,418	0	233,418	0	233,418
13	Group Insurance	321,965	0	321,965	0	321,965
14	Pensions	3,881	0	3,881	0	3,881
15	Regulatory Expense	66,802	(25,384)	41,418	0	41,418
16	Insurance Other Than Group	138,643	0	138,643	0	138,643
17	Customer Accounting	197,288	(4,492)	192,796	211	193,007
18	Water Testing Expense	0	13,152	13,152	0	13,152
19	Rents	30,456	0	30,456	0	30,456
20	General Office Expense	132,498	(19,691)	112,807	0	112,807
21	Miscellaneous	91,440	(12,198)	79,242	0	79,242
22	Maintenance Expense	512,882	(62,193)	450,689	0	450,689
23	Depreciation & Amortization	1,608,655	(75,451)	1,533,204	0	1,533,204
24	General Taxes-Property	335,846	0	335,846	919	336,765
25	General Taxes-Other	120,776	0	120,776	0	120,776
26	Income Taxes	735,635	99,018	834,653	29,992	864,645
27	<b>Total Operating Expenses</b>	<b>\$7,454,528</b>	<b>(\$137,287)</b>	<b>\$7,317,241</b>	<b>\$31,122</b>	<b>\$7,348,362</b>
28	<b>Operating Income (Loss)</b>	<b>\$2,193,723</b>	<b>\$137,287</b>	<b>\$2,331,010</b>	<b>\$49,020</b>	<b>\$2,380,030</b>

References:

Column [A]: Company Revised Schedule C-1  
Column [B]: Schedule CLP-11  
Column [C]: Column [A] + Column [B]  
Column [D]: Schedules CLP-2, Lines 29 and 37  
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Water Revenue Ref. Sch CLP-12	[C] ADJ #2 Depreciation Exp. Ref. Sch CLP-13	[D] ADJ #3 Property Taxes Ref. Sch CLP-14	[E] ADJ #4 Income Taxes Ref. Sch CLP-15	[F] ADJ #5 Corporate Allocation Ref. Sch CLP-16	[G] ADJ #6 Water Testing Ref. Sch CLP-17	[H] ADJ #7 Rate Case Expense Ref. Sch CLP-18	[I] ADJ #8 Bad Debts Expense Ref. Sch CLP-19	[J] ADJ #9 Tank Maintenance Ref. Sch CLP-17	[K] ADJ #10 STAFF ADJUSTED
1	Water Revenues	\$9,589,273	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,589,273
2	Other Revenues	58,978	0	0	0	0	0	0	0	0	0	58,978
3	Other	0	0	0	0	0	0	0	0	0	0	0
4	Total Operating Revenues	\$9,648,251	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,648,251
5	Labor	\$1,205,431	\$0	\$0	\$0	\$0	(\$28,673)	\$0	\$0	\$0	\$0	\$1,176,758
6	Purchased Water	0	0	0	0	0	0	0	0	0	0	0
7	Fuel & Power	1,329,578	0	0	0	0	0	0	0	0	0	1,329,578
8	Chemicals	58,805	0	0	0	0	0	0	0	0	0	58,805
9	Waste Disposal	15,320	0	0	0	0	0	0	0	0	0	15,320
10	Intercompany Support Services	860	0	0	0	0	0	0	0	0	0	860
11	Corporate Allocation	314,349	0	0	0	0	(21,375)	0	0	0	0	292,974
12	Outside Services	233,418	0	0	0	0	0	0	0	0	0	233,418
13	Group Insurance	321,965	0	0	0	0	0	0	0	0	0	321,965
14	Pensions	3,881	0	0	0	0	0	0	0	0	0	3,881
15	Regulatory Expense	66,802	0	0	0	0	0	0	0	0	0	66,802
16	Insurance Other Than Group	138,643	0	0	0	0	0	0	0	0	0	138,643
17	Customer Accounting	197,288	0	0	0	0	0	0	0	0	0	197,288
18	Water Testing Expense	0	0	0	0	0	0	0	(25,384)	0	0	41,418
19	Rents	30,456	0	0	0	0	0	0	0	0	0	30,456
20	General Office Expense	132,498	0	0	0	0	0	13,152	0	(4,492)	0	138,643
21	Miscellaneous	91,440	0	0	0	0	0	0	0	0	0	91,440
22	Maintenance Expense	512,882	0	0	0	0	(19,691)	0	0	0	0	512,882
23	Depreciation & Amortization	1,608,655	0	0	0	0	(464)	(11,734)	0	0	0	1,608,655
24	General Taxes-Property	335,846	0	0	0	0	0	0	0	0	0	335,846
25	General Taxes-Other	120,776	0	0	0	0	0	0	0	0	0	120,776
26	Income Taxes	735,635	0	0	0	99,018	0	0	0	0	0	834,653
27	Total Operating Expenses	\$7,454,528	\$0	\$0	\$0	\$99,018	(\$70,203)	\$1,418	(\$25,384)	(\$4,492)	(\$62,193)	\$7,317,241
28	Operating Income (Loss)	\$2,193,723	\$0	\$0	\$0	(\$99,018)	\$70,203	(\$1,418)	\$25,384	\$4,492	\$62,193	\$2,331,010

EPCOR Water Arizona - Mohave Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-12

OPERATING INCOME ADJUSTMENT NO. 1 - WATER REVENUE
---

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Revenues	<u>\$9,648,251</u>	<u>\$0</u>	<u>\$9,648,251</u>

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]



OPERATING INCOME STATEMENT ADJUSTMENT NO. 2 DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	DESCRIPTION	[A] PLANT BALANCE	[B] Non-Depreciable Fully Depreciated	[C] DEPRECIATION RATE Staff Recommended	[D] DEPRECIATION EXPENSE
1		PLANT IN SERVICE:				
2	301000	Other Intangible Plant	\$1,831	\$1,831	0.00%	\$0
3	302000	Franchises	0	0	0.00%	0
4	303200	Land and Land Rights Supply	0	0	0.00%	0
5	303300	Land and Land Rights Pumping	0	0	0.00%	0
6	303400	Land & Land Rights T&D	0	0	0.00%	0
7	303500	Land & Land Rights T&D	8,324	8,324	0.00%	0
8	303600	Land & Land Rights General	0	0	0.00%	0
9	304100	Structures and Improvements - Supply	158,547	158,547	2.50%	0
10	304200	Structures and Improvements - Pumping	1,282,693		2.00%	25,654
11	304300	Structures and Improvements - Treatment	20,737,611		2.00%	414,752
12	304400	Structures & Improvements Trans & Dist	23,764		2.00%	475
13	304500	Structures & Improvements General	26,113		2.50%	653
14	304600	Structures and Improvements - Offices	0		2.50%	0
15	304620	Structur & Imp Leasehold	0		2.50%	0
16	304700	Structures & Improvements Store, Shop, Gge	4,629		2.50%	116
17	304800	Structures & Improvements Miscellaneous	0		2.50%	0
18	307000	Wells & springs	2,639,547		2.50%	65,989
19	309000	Supply Mains	373,503		1.67%	6,238
20	310000	Power Production Equipment	230,827		3.33%	7,687
21	310100	Power Generation Equip Other	554,631		3.33%	18,469
22	311200	Pumping Equipment Electric	3,893,762		4.00%	155,750
23	311300	Pumping Equipment Diesel	190		4.00%	8
24	311400	Pumping Equipment Hydraulic	0		4.00%	0
25	311500	Pumping Equipment Other	0		4.00%	0
26	311530	Pumping Equipment Water Treatment	358,319		4.00%	14,333
27	320100	Water Treatment Equipment Non-Media	10,628,952		5.00%	531,448
28	320200	Water Treatment Equipment Filter Media	702,862		10.00%	70,286
29	330000	Distribution Reservoirs & Standpipes	2,400,280		1.54%	36,964
30	330200	Ground Level Tanks	0		1.54%	0
31	331001	TD Mains Not Classified by Size	3,911,448		2.00%	78,229
32	331100	TD Mains 4in & Less	364,519		1.43%	5,213
33	331200	TD Mains 6in to 8in	5,987,202		1.43%	85,617
34	331300	TD Mains 10in to 16in	9,380,895		1.43%	134,147
35	331400	TD Mains 18in & Grtr	547,004		1.43%	7,822
36	332000	Fire Mains	14,058		1.43%	201
37	333000	Services	3,818,826		2.50%	95,471
38	334100	Meters	1,426,811		8.33%	118,853
39	334200	Meter Installations	177,916		2.50%	4,448
40	334300	Meter Vaults	0		2.50%	0
41	335000	Hydants	1,384,297		2.00%	27,686
42	339200	Other P/E-Supply	0		3.33%	0
43	339600	Other P/E-CPS	180,523		3.33%	6,011
44	340100	Office Furniture & Equipment	61,561		4.50%	2,770
45	340200	Computer & Periphal Equipment	38,077	38,077	10.00%	0
46	340300	Computer Software	30,877	37,405	20.00%	(1,306)
47	340330	Computer Software Other	0		20.00%	0
48	340325	Computer Software Customized	0		20.00%	0
49	340500	Other Office Equipment	321		6.67%	21
50	341100	Transportation Equip Light Duty Trucks	0		0.00%	0
51	341300	Transportation Equip Light Duty Trucks	0		20.00%	0
52	341400	Transportation Equipment Other	194,855		16.67%	32,482
53	342000	Stores Equipment	1,943		4.00%	78
54	343000	Tools, Shop, Garage Equipment	294,430		4.00%	11,777
55	344000	Laboratory Equipment	17,620		4.00%	705
56	345000	Power Operated Equipment	32,228		5.00%	1,611
57	346100	Communication Equipment Non-Telephone	456,755	456,755	10.00%	0
58	346190	Remote Control & Instrument	609,765		10.00%	60,977
59	346200	Communication Equipment Telephone	0		10.00%	0
60	346300	Communication Equipment Other	58,841		10.00%	5,884
61	347000	Miscellaneous Equipment	0		6.25%	0
62	304500	Structures & Imp General	2,917		2.50%	73
63	304600	Structures & Improvement Offices	132		2.50%	3
64	304620	Structures & Improvements Leasehold	256		2.50%	6
65	334100	Meters	351		8.33%	29
66	339600	Other P/E CPS	10,917		3.33%	364
67	340100	Office furniture & Equipemnt	37,790		4.50%	1,701
68	340200	Computer & Peripheral Equ	25,119		10.00%	2,512
69	340300	Computer Software	16,829		20.00%	3,366
70	340300	Computer Software	191		20.00%	38
71	341400	Transportation Equipment Other	3,483		16.67%	581
72	343000	Tools, Shop, Garage Equipment	467		4.00%	19
73	344000	Laboratory Equipemnt	517		4.00%	21
74	346100	Communication Equipment non-telephone	5,567		10.00%	557
75	346190	Remote Control & Instrument	455		10.00%	46
76	346200	Communication Equipment Telephone	2,161		10.00%	216
77	346300	Communication Equip Other	147		10.00%	15
78	347000	Miscellaneous Equip	12,183		6.25%	761
79		Rounding	1			
80		Subtotal	\$73,136,640	\$700,939		\$2,037,825
81						
82						
83		Less Non Depreciable Plant	\$700,939			
84						
85		Net Depreciable Plant and Depreciation Amounts	\$72,435,701			\$2,037,825
86						
87		Composite Depreciation Rate			2.81%	
88		Less				
89		Contribution in Aid of Construction	\$18,123,892			
90		Amortization of CIAC at Composite Rate				509,877
91		Staff Recommended Depreciation/CIAC Amortization				\$1,527,948
92		Amortization of Mummy Mountain Acquisition				\$5,256
93		Staff Recommended Depreciation/Amortization Expense				\$1,533,204
94		Company Proposed Depreciation Expense				1,608,655
95		Staff Adjustment				(\$75,451)
96						
97						

**OPERATING INCOME STATEMENT ADJUSTMENT NO. 3 - PROPERTY TAX EXPENSE**

LINE NO.	DESCRIPTION	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$9,648,251	\$9,648,251
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	19,296,502	19,296,502
4	Staff Recommended Revenue, Per Schedule CLP-1	9,648,251	9,728,393
5	Subtotal (Line 4 + Line 5)	28,944,753	29,024,895
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	9,648,251	9,674,965
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	19,296,502	19,349,930
10	Plus: 10% of CWIP	36,119	36,119
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	19,332,621	19,386,049
13	Assessment Ratio	18.50%	18.50%
14	Assessment Value (Line 12 * Line 13)	3,576,535	3,586,419
15	Composite Property Tax Rate - Obtained from ADOR	9.39%	9.39%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$335,837	
17	Company Proposed Property Tax	\$335,846	
18	Staff Test Year Adjustment (Line 16 - Line 17)	<u>(\$9)</u>	
19	Property Tax on Staff Recommended Revenue (Line 14 * Line 15)		\$336,765
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$335,846
21	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$919</u>
22			
23	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$919
24	Increase in Revenue Requirement		\$80,142
25	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		1.14687%

[1] Staff did not make an adjust to test year property tax expense because the adjustment would have been de minimis.

**REFERENCES:**

Line 15: Composite Tax Rate obtained from Arizona Department of Revenue

Line 17: Company Schedule Revised C-1, Line 24

Line 21: Line 19 - Line 20

Line 23: Schedule CLP-1, Line 8

EPCOR Water Arizona - Paradise Valley Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-15

OPERATING INCOME STATEMENT ADJUSTMENT NO. 4 - INCOME TAXES
--

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Taxes	<u>\$735,635</u>	<u>\$99,018</u>	<u>\$834,653</u>

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

OPERATING INCOME STATEMENT ADJUSTMENT NO. 5 - CORPORATE ALLOCATION

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED ALLOCATIONS	[B] COMPANY ADJ. TY OP. EXPENSES	[C] COMPANY ALLOCATION RATE	[D] STAFF'S UNALLOWABLE EXPENSES	[E] STAFF ADJUSTMENTS [1] Col. [D] x Col. [C]	[F] STAFF RECOMMENDED Col. [A] - Col. [E]
1	Labor	\$543,422	\$1,205,431	7.1530%	(\$400,855)	(\$28,673)	\$514,749
2	Purchased Water	0	0	7.1530%	0	0	0
3	Fuel & Power	3,263	1,329,578	7.1530%	0	0	3,263
4	Chemicals	78	58,805	7.1530%	0	0	78
5	Waste Disposal	167	15,320	7.1530%	0	0	167
6	Intercompany Support Services	(803)	860	7.1530%	0	0	(803)
7	Corporate Allocation	362,060	314,349	7.1530%	(298,829)	(21,375)	340,685
8	Outside Services	70,572	233,418	7.1530%	0	0	70,572
9	Group Insurance	94,277	321,965	7.1530%	0	0	94,277
10	Pensions	(399)	3,881	7.1530%	0	0	(399)
11	Regulatory Expense	20,627	66,802	7.1530%	0	0	20,627
12	Insurance Other Than Group	12,928	138,643	7.1530%	0	0	12,928
13	Customer Accounting	27,528	197,288	7.1530%	0	0	27,528
14	Rents	21,781	30,456	7.1530%	0	0	21,781
15	General Office Expense	80,381	132,498	7.1530%	(275,278)	(19,691)	60,691
16	Miscellaneous	16,769	91,440	7.1530%	(6,485)	(464)	16,305
17	Maintenance Expense	63,592	512,882	7.1530%	0	0	63,592
18	Depreciation & Amortization	144,029	1,608,655	7.1530%	(1,317,140)	0	144,029
19	General Taxes-Property	0	335,846	7.1530%	0	0	0
20	General Taxes-Other	49,867	120,776	7.1530%	0	0	49,867
21	Income Taxes	(181,138)	735,635	7.1530%	0	0	(181,138)
22	Total Operating Expenses	\$1,329,002	\$7,454,528	7.1530%	(\$2,298,586)	(\$70,203)	\$1,258,800

[1] Column [D] represents Staff's total unallowable Corporate Allocation for all 21 districts. Each district's expense is multiplied by Epcor's 4-factor cost allocation.  
[2] Staff is not recommending adjusting the depreciation & amortization expense on this schedule because this adjustment is being captured on Schedule CLP-13.

References:

- Column [A, B & E]: Company response to DR CLP-12, electronic work paper titled "June 2013 Rolling 12 Months by BU"
- Column [C]: Company Schedule C-1
- Column [D]: Column [A] + Column [B] + Column [C]
- Column [F]: Staff Schedule CLP-15 page 2
- Column [G]: Column [E] \* Column [F]
- Column [H]: Column [B] + Column [G]

Docket No. WS-01303A-14-0010  
 Test Year Ended June 30, 2013

DESCRIPTION	DETAILS	AMOUNT
Labor	STIP pay	(\$400,855)
Corporate Allocation	At-Risk Compensation	(298,829)
Outside Services	Unbilled Legal Accrual	0
General Office Expense	Thunder Mountain Bankruptcy Case Promotion	
	Recognition	(\$102,421)
	Training - Fees/Tuition	(87,430)
	Meals/Entertainment	(44,119)
	Donations	(34,534)
	Stationary, Printing & Other O	(4,133)
	Accommodation, Other Travel	(2,345)
		(298)
Miscellaneous	General Office Expense Total	(275,278)
		(6,485)
Depreciation & Amortization	Amortization of Utility Plant Acquisition Adjustment	(\$1,000,110)
	Amortization of AFUDC	(317,030)
	Depr. & Amortization Expense Total	(1,317,140)
	Total	(\$2,298,586)

EPCOR Water Arizona - Paradise Valley Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-17

OPERATING INCOME STATEMENT ADJUSTMENT NO. 6 - WATER TESTING EXPENSE
---

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Testing Expense	\$0	\$13,152	\$13,152
2	Miscellaneous Expense	\$91,440	<u>(\$11,734)</u>	\$79,706
			\$1,418	

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

OPERATING INCOME STATEMENT ADJUSTMENT NO 7 - RATE CASE EXPENSE
--

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Regulatory Expense	<u>\$66,802</u>	<u>(\$25,384)</u>	<u>\$41,418</u>

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

**OPERATING INCOME ADJUSTMENT NO. 8 - BAD DEBT EXPENSE**

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Customer Accounting - Bad Debt	\$197,288	(\$4,492)	\$192,796
2				
3				
4				
5				Actual TY
6				Month
7				July-12
8				Aug-12
9				Sep-12
10				Oct-12
11				Nov-12
12				Dec-12
13				Jan-13
14				Feb-13
15				Mar-13
16				Apr-13
17				May-13
18				Jun-13
19				Total
20				
21	Test Year Bad Debt Expense		4 Factor	Connection Count
22	Jul to Dec 2012 Months Bad Debt Expense	\$266,016	7.2%	\$19,028
23	Jan to Jun 2013 Bad Debt Expense	256,213	3.01%	7,700
24				\$26,728
25				
26			Net Adjustment	(\$4,492)
27				
28				\$9,648,251 Test Year Revenue
29				0.2305% Average write-off rate

References:

Column A: Company Schedule C-2  
Column B: Company Rebuttal Schedule C-2, page 6  
Column C: Column [A] + Column [B]



OPERATING INCOME STATEMENT ADJUSTMENT NO. 9 - TANK MAINTENANCE EXPENSE <sup>(1)</sup>

LINE ACCT NO. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Maintenance	\$512,882	(\$62,193)	\$450,689

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Surrebuttal Testimony MST, page 2

Column [C]: Column [A] + Column [B]

<sup>(1)</sup> Staff Engineer's Direct testimony proposed \$1,707,208 over a fourteen year period for an annual cost of \$121,943. Staff Engineering's Surrebuttal tetimony proposed \$1,731,208 over fourteen years increasing Staff's recommendation from \$121,943 to \$123,658 or \$1,715 annually.

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
Meter Size (All Classes):			
5/8 x 3/4" Meter Residential Low Income	N/A	\$16.36	\$15.09
5/8 x 3/4" Meter	\$25.15	27.27	25.15
3/4" Meter	26.16	28.36	26.16
1" Meter	50.30	54.54	50.30
1½" Meter	90.54	98.17	90.54
2" Meter	140.84	152.71	140.84
3" Meter	276.65	299.97	276.65
4" Meter	462.76	501.77	462.76
6" Meter	930.00	1,008.40	930.00
8" Meter	2,245.00	2,434.25	2,245.00
10" Meter	3,228.00	3,500.12	3,228.00
12" Meter	6,034.00	6,542.67	6,034.00

**Commodity Charge**

2" and smaller Residential			
First 5,000 gallons		\$1.0500	\$1.1408
From 5,001 to 15,000 gallons		1.2500	1.3581
From 15,001 to 40,000 gallons		2.2000	2.3903
From 40,001 to 80,000 gallons		2.7500	2.9879
Over 80,000 gallons		3.2259	3.5049
2" and smaller Commercial and Industrial			
First 400,000 gallons		1.9500	2.1187
Over 400,000 gallons		2.3000	2.4990
3" and larger Residential, Commercial and Industrial			
First 400,000 gallons		1.9500	2.1187
Over 400,000 gallons		2.3000	2.4990
Turf	All Gallons	1.6800	1.9152
Other Public Authority	All Gallons	1.9500	2.1187
PV Country Club	All Gallons	1.5600	1.7784
Low Income Surcharge*		N/A	\$0.0130

\* The surcharge will be added to the highest block commodity rate (residential, apartment, industrial and commercial customers only), and will change upon the Company's annual reconciliation of number of participants and top tier usage.

### Service Charges

Establishment or Reestablishment of Service			\$35.00
Regular Hours	\$20.00	\$35.00	Remove from Tariff
After Hours	40.00	65.00	Remove from Tariff
Reconnection of Service (Delinquent)			35.00
Regular Hours	30.00	35.00	Remove from Tariff
After Hours	60.00	65.00	Remove from Tariff
Insufficient Funds (NSF) Check Charge	12.00	25.00	25.00
Meter Reread (if Correct)	10.00	25.00	25.00
Meter Test (If Correct)	15.00	35.00	35.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (None Residential Meter)	(a)	(a)	(a)
Deposit Interest	(a)	(a)	(a)
Deferred Payment, Per Month	N/A	1.5% per month	1.5% per month
Late Charge per month	1.5% per month	1.5% per month	1.5% per month
After Hours Service Charge (b)			30.00

(a) Per Commission Rules (R14-2-403.B)

(b) After Hours Service : After regular working hours, on Saturdays, Sundays or holidays if at the customer's request or for the customer's convenience.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule 14-2-409D(5).

### Service and Meter Installation Charges

[illegible]

EPCOR Water Arizona, Inc.  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013  
Paradise Valley Water District

Final Schedule BAB-2

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Propose	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	19,271	\$52.30	\$56.76	\$4.47	8.54%
Median Usage	10,000	\$36.65	\$39.76	\$3.11	8.50%
<b>Staff Recommended</b>					
Average Usage	19,271	\$52.30	\$52.30	\$0.00	0.00%
Median Usage	10,000	\$36.65	\$36.65	\$0.00	0.00%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons	Present	Company Proposed		Staff Recommended	
Consumption	Rates	Rates	Increase	Rates	Increase
-	25.15	27.27	8.43%	25.15	0.00%
1,000	26.20	28.41	8.44%	26.20	0.00%
2,000	27.25	29.55	8.45%	27.25	0.00%
3,000	28.30	30.69	8.45%	28.30	0.00%
4,000	29.35	31.83	8.46%	29.35	0.00%
5,000	30.40	32.97	8.47%	30.40	0.00%
6,000	31.65	34.33	8.47%	31.65	0.00%
7,000	32.90	35.69	8.48%	32.90	0.00%
8,000	34.15	37.05	8.49%	34.15	0.00%
9,000	35.40	38.41	8.49%	35.40	0.00%
10,000	36.65	39.76	8.50%	36.65	0.00%
11,000	37.90	41.12	8.50%	37.90	0.00%
12,000	39.15	42.48	8.51%	39.15	0.00%
13,000	40.40	43.84	8.51%	40.40	0.00%
14,000	41.65	45.20	8.52%	41.65	0.00%
15,000	42.90	46.56	8.52%	42.90	0.00%
16,000	45.10	48.95	8.53%	45.10	0.00%
17,000	47.30	51.34	8.53%	47.30	0.00%
18,000	49.50	53.73	8.54%	49.50	0.00%
19,000	51.70	56.12	8.54%	51.70	0.00%
20,000	53.90	58.51	8.55%	53.90	0.00%
25,000	64.90	70.46	8.56%	64.90	0.00%
30,000	75.90	82.41	8.58%	75.90	0.00%
35,000	86.90	94.36	8.59%	86.90	0.00%
40,000	97.90	106.31	8.59%	97.90	0.00%
45,000	117.90	128.04	8.60%	111.76	-5.21%
50,000	137.90	149.77	8.61%	125.61	-8.91%
75,000	237.90	258.42	8.63%	194.89	-18.08%
100,000	347.50	377.67	8.68%	276.12	-20.54%

**EPCOR Water Arizona - Sun City Water District**

Docket No. WS-01303A-14-0010

Test Year Ended June 30, 2013

**STAFF TESTIMONY**

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<u>SCH #</u>	<u>TITLE</u>
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CLP- 2	<u>GROSS REVENUE CONVERSION FACTOR</u>
MJR- 3	<u>RATE BASE - ORIGINAL COST</u>
MJR- 4	<u>SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS</u>
MJR- 5	<u>RATE BASE ADJUSTMENT NO. 1 - DEBIT ACCUMULATED DEPRECIATION AND NEGATIVE PLANT VALUES</u>
MJR- 6	<u>RATE BASE ADJUSTMENT NO. 2 - REVERSAL OF AFUDC AND DEFERRED DEPRECIATION DEFERRAL</u>
MJR- 7	<u>RATE BASE ADJUSTMENT NO. 3 - WORKING CAPITAL</u>
MJR- 8	<u>RATE BASE ADJUSTMENT NO. 4 - not used</u>
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CLP- 10	<u>OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED</u>
CLP- 11	<u>SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR</u>
CLP- 12	<u>OPERATING INCOME ADJUSTMENT NO. 1 - WATER REVENUE</u>
CLP- 13	<u>OPERATING INCOME STATEMENT ADJUSTMENT NO. 2 - DEPRECIATION EXPENSE</u>
CLP- 14	<u>OPERATING INCOME STATEMENT ADJUSTMENT NO. 3 - PROPERTY TAX EXPENSE</u>
CLP- 15	<u>OPERATING INCOME STATEMENT ADJUSTMENT NO. 4 - INCOME TAXES</u>
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CLP- 17	<u>OPERATING INCOME ADJUSTMENT NO. 6 - WATER TESTING EXPENSE</u>
CLP- 18	<u>OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE</u>
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EPCOR Water Arizona - Sun City Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-1

REVENUE REQUIREMENT
---------------------

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	\$26,409,286	\$25,639,292
2	Adjusted Operating Income (Loss)	\$843,695	\$1,099,361
3	Current Rate of Return (L2 / L1)	3.19%	4.29%
4	Required Rate of Return	6.87%	6.40%
5	Required Operating Income (L4 * L1)	\$1,814,318	\$1,640,915
6	Operating Income Deficiency (L5 - L2)	\$970,623	\$541,554
7	Gross Revenue Conversion Factor	1.6550	1.6406
8	Required Revenue Increase (L7 * L6)	\$1,606,392	\$888,476
9	Adjusted Test Year Revenue	\$10,265,553	\$10,295,663
10	Proposed Annual Revenue (L8 + L9)	\$11,871,945	\$11,184,140
11	Required Increase in Revenue (%)	15.65%	8.63%

References:

Property Tax Factor (CLP-143, L25)

Column [B]: Staff Schedules CLP-2, MJR-3, and CLP-10

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]
<i>Calculation of Gross Revenue Conversion Factor:</i>				
1	Revenue	100.0000%		
2	Uncollectible Factor (Line 13)	0.2131%		
3	Revenues (L1 - L2)	99.7869%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.8338%		
5	Subtotal (L3 - L4)	60.9531%		
6	Revenue Conversion Factor (L1 / L5)	1.640605		
<i>Calculation of Uncollectible Factor:</i>				
9	Unity	100.0000%		
10	Combined Federal and State Tax Rate (Line 21)	37.9600%		
11	One Minus Combined Income Tax Rate (L9 - L10)	62.0400%		
12	Uncollectible Rate	0.3434%		
13	Uncollectible Factor (L11 * L12)		0.2131%	
<i>Calculation of Effective Tax Rate:</i>				
16	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%		
17	Arizona State Income Tax Rate	6.0000%		
18	Federal Taxable Income (L16 - L17)	94.0000%		
19	Applicable Federal Income Tax Rate (Line 68)	34.0000%		
20	Effective Federal Income Tax Rate (L18 x L19)	31.9600%		
21	Combined Federal and State Income Tax Rate (L17 + L20)		37.9600%	
<i>Calculation of Effective Property Tax Factor:</i>				
24	Unity	100.0000%		
25	Combined Federal and State Income Tax Rate (L21)	37.9600%		
26	One Minus Combined Income Tax Rate (L24 - L25)	62.0400%		
27	Property Tax Factor (CLP-143, L25)	1.4085%		
28	Effective Property Tax Factor (L26 x L27)		0.8738%	
29	Combined Federal and State Income Tax and Property Tax Rate (L21 + L28)			38.8338%
32	Required Operating Income (Schedule CLP-1, Line 5)	\$1,640,915		
33	Adjusted Test Year Operating Income (Loss) (Schedule CLP-10, Line 32)	1,099,361		
34	Required Increase in Operating Income (L33 - L34)		\$541,554	
36	Income Taxes on Recommended Revenue (Col. [C], L62)	\$596,134		
37	Income Taxes on Test Year Revenue (Col. [A], L62)	264,777		
38	Required Increase in Revenue to Provide for Income Taxes (L36 - L37)		\$331,357	
40	Recommended Revenue Requirement (Schedule CLP-1, Line 10)	\$11,184,140		
41	Uncollectible Rate (Line 12)	0.3434%		
42	Uncollectible Expense on Recommended Revenue (L40 x L41)	\$38,410		
43	Adjusted Test Year Uncollectible Expense	35,358		
44	Required Increase in Revenue to Provide for Uncollectible Exp.		\$3,051	
46	Property Tax with Recommended Revenue (CLP-14, L20)	\$447,932		
47	Property Tax on Test Year Revenue (CLP-14, Col. [A], L16)	435,418		
48	Increase in Property Tax Due to Increase in Revenue (L46 - L47)		\$12,514	
50	Total Required Increase in Revenue (L34 + L38 + L44 + L48)		\$888,476	\$0
<i>Calculation of Income Tax:</i>				
54	Revenue (Sch CLP-10, Col. [C] L5, CLP-1, Col. [C] L10)	\$10,295,663		
55	Operating Expenses Excluding Income Taxes	8,931,525		
56	Synchronized Interest (L71)	666,622		
57	Arizona Taxable Income (L54 - L55 - L56)	\$697,516		
58	Arizona State Income Tax Rate	6.0000%		
59	Arizona Income Tax (L57 x L58)	\$41,851		
60	Federal Taxable Income (L57 - L59)	655,665		
61	Total Federal Income Tax	222,926		
62	Combined Federal and State Income Tax (L59 + L61)	\$264,777		
64			34.0000%	
<i>Effective Tax Rate</i>				
<i>Calculation of Interest Synchronization:</i>				
69	Rate Base (Schedule MJR-3, Col. [C], Line 34)		25,639,292	
70	Weighted Average Cost of Debt		2.60%	
71	Synchronized Interest (L69 x L70)		666,621.60	

Lead Lag Interest  
Rate Base  
Synchronized Interest

\$25,639,292  
2.60%  
\$666,622

\$888,476  
RR  
\$888,476

**RATE BASE - ORIGINAL COST**

LINE NO.		[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Plant in Service	\$76,011,241	98,493	76,109,734
2	Less: Accumulated Depreciation	26,280,898	715,283	26,996,181
3	Net Plant in Service	<u>\$49,730,343</u>	<u>(616,790)</u>	<u>49,113,553</u>
4				
5	<u>LESS:</u>			
6				
7	Contributions in Aid of Construction (CIAC)	\$17,500,750	-	17,500,750
8	Less: Accumulated Amortization	1,375,475	-	1,375,475
9	Net CIAC	<u>\$16,125,275</u>	<u>-</u>	<u>16,125,275</u>
10				
11	Advances in Aid of Construction (AIAC)	\$6,374,283	-	6,374,283
12				
13	Customer Meter Deposits	4,903	-	4,903
14	Deferred Income Tax Credits (Debits)	1,014,247	-	1,014,247
15	Investment Tax Credits			
16	Regulatory Liabilities	90,329	(90,329)	-
17				
18				
19				
20	<u>ADD:</u>			
21				
22	Working Capital Allowance	62,870	(18,420)	44,450
23				
30	Deferred Debits	225,112	(225,112)	-
31				
33				
34	<b>Original Cost Rate Base</b>	<u>\$26,409,286</u>	<u>(769,993)</u>	<u>25,639,292</u>

References:

Column [A]: Company Schedule B-1

Column [B]: Schedule MJR-4

Column [C]: Column [A] + Column [B]

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS										
LINE NO.	ACCT. NO.	DESCRIPTION	COMPANY AS FILED	[A]	[B]	[C]	[D]	[E]	[F]	[G]
				ADJ #1	Adjust Balances	Rev AFUDC 24 Mo Def ADJ #2	Working Capital ADJ #3	CIAC Not Used	Reverse Reg Liability ADJ #5	STAFF ADJUSTED
PLANT IN SERVICE										
1	301000	Organization		\$471	\$0	\$0	\$0	\$0	\$0	\$471
2	302000	Franchises		0	0	0	0	0	0	0
3	303200	Land & Land Rights SS	268,738		0	0	0	0	0	268,738
4	303300	Land & Land Rights P	8,456		0	0	0	0	0	8,456
5	303500	Land & Land Rights TD	10,493		0	0	0	0	0	10,493
6	303600	Land & Land Rights AG	2,125		0	0	0	0	0	2,125
7	304100	Street & Imp SS	(98,493)		98,493	0	0	0	0	0
8	304200	Street & Imp P	4,467,063		0	0	0	0	0	4,467,063
9	304300	Street & Imp WT	126,815		0	0	0	0	0	126,815
10	304400	Street & Imp TD	34,162		0	0	0	0	0	34,162
11	304500	Street & Imp AG	374,292		0	0	0	0	0	374,292
12	304600	Street & Imp Offices	47,528		0	0	0	0	0	47,528
13	304620	Street & Imp Leasehold	0		0	0	0	0	0	0
14	304800	Street & Imp Misc	1,383,151		0	0	0	0	0	1,383,151
15	305000	Collect & Impounding	314		0	0	0	0	0	314
16	307000	Wells & Springs	3,812,341		0	0	0	0	0	3,812,341
17	309000	Supply Mains	787,835		0	0	0	0	0	787,835
18	310000	Power Generation Equip	1,430,917		0	0	0	0	0	1,430,917
19	311000	Pumping Equip Steam	0		0	0	0	0	0	0
20	311100	Other Power Production	4,473		0	0	0	0	0	4,473
21	311200	Pump Equip Electric	11,150,383		0	0	0	0	0	11,150,383
22	311300	Pump Equip Diesel	213,446		0	0	0	0	0	213,446
23	311400	Pump Equip Hydraulic	16,219		0	0	0	0	0	16,219
24	311500	Pump Equip Other	210,006		0	0	0	0	0	210,006
25	311530	Pumping Equip Water Treat	35,035		0	0	0	0	0	35,035
26	320100	WT Equip Non-Media	881,711		0	0	0	0	0	881,711
27	320200	Solution Chemical Feeders	120,791		0	0	0	0	0	120,791
28	330000	Dist Reservoirs & Standpipe	5,621,435		0	0	0	0	0	5,621,435
29	330200	Pressure Tank	88,435		0	0	0	0	0	88,435
30	331001	TD Mains Not Classified by Size	1,128,336		0	0	0	0	0	1,128,336
31	331100	TD Mains 4in & Less	13,290,123		0	0	0	0	0	13,290,123
32	331200	TD Mains 6in to 8in	4,576,963		0	0	0	0	0	4,576,963
33	331300	TD Mains 10in to 16in	5,251,696		0	0	0	0	0	5,251,696
34	331400	TD Mains 18in & Gtr	152,237		0	0	0	0	0	152,237
35	332000	Fire Mains	0		0	0	0	0	0	0
36	333000	Services	6,609,463		0	0	0	0	0	6,609,463
37	334100	Meters	6,145,033		0	0	0	0	0	6,145,033
38	334200	Meter Installations	660,094		0	0	0	0	0	660,094
39	334300	Meter Vaults	952		0	0	0	0	0	952
40	335000	Hydrants	2,941,652		0	0	0	0	0	2,941,652
41	336000	Backflow Preventors	7,036		0	0	0	0	0	7,036
42	339500	Other P/E TD	523		0	0	0	0	0	523
43	339600	Other P/E CPS	179,653		0	0	0	0	0	179,653
44	340100	Office Furniture & Equip	779,242		0	0	0	0	0	779,242
45	340200	Comp & Periph Equip	223,286		0	0	0	0	0	223,286
46	340300	Computer Software	43,402		0	0	0	0	0	43,402
47	340310	Computer Software	9,105		0	0	0	0	0	9,105
48	340325	Computer Software Custom	16,914		0	0	0	0	0	16,914
49	340500	Other Office Equipment	3,854		0	0	0	0	0	3,854
50	341100	Trans Equip Lt Duty Tks	976,241		0	0	0	0	0	976,241
51	341200	Trans Equip Hvy Duty Tks	54,958		0	0	0	0	0	54,958
52	341400	Trans Equip Other	85,411		0	0	0	0	0	85,411
53	342000	Stores Equipment	20,135		0	0	0	0	0	20,135
54	343000	Tools,Shop,Garage Equip	376,007		0	0	0	0	0	376,007
55	344000	Laboratory Equipment	107,428		0	0	0	0	0	107,428
56	345000	Power Operated Equipment	151,899		0	0	0	0	0	151,899
57	346100	Comm Equip Non-Telephone	218,768		0	0	0	0	0	218,768
58	346190	Remote Control & Instrument	396,433		0	0	0	0	0	396,433
59	346200	Comm Equip Telephone	1,126		0	0	0	0	0	1,126
60	346300	Comm Equip Other	174,797		0	0	0	0	0	174,797
61	347000	Misc Equipment	10,219		0	0	0	0	0	10,219
62	304300	Structures & Imp General	13,904		0	0	0	0	0	13,904
63	304600	Structures & Imp Improvement Office	(982)		0	0	0	0	0	(982)
64	304620	Structures & ImpImprovements Leasehold	2,838		0	0	0	0	0	2,838
65	334100	Meters	1,675		0	0	0	0	0	1,675
66	339600	Other P/E CPS	52,046		0	0	0	0	0	52,046
67	340100	Office Furniture & Equipment	180,156		0	0	0	0	0	180,156
68	340200	Computer & Peripheral Equ	119,750		0	0	0	0	0	119,750
69	340300	Computer Software	80,229		0	0	0	0	0	80,229
70	340310	Computer Software Other	909		0	0	0	0	0	909
71	341400	Transportation Equipment Other	16,606		0	0	0	0	0	16,606
72	343000	Tools,Shop,Garage Equipment	0		0	0	0	0	0	0
73	344000	Laboratory Equipment	4,692		0	0	0	0	0	4,692
74	346100	Communication Equipment non-telephone	26,542		0	0	0	0	0	26,542
75	346190	Remote Control & Instrument	2,168		0	0	0	0	0	2,168
76	346200	Communication Equipment Telephone	10,300		0	0	0	0	0	10,300
77	346300	Communication Equip Other	699		0	0	0	0	0	699
78	347000	Miscellaneous Equipment	58,082		0	0	0	0	0	58,082
79		Youngtown Rounding	(149,497)		0	0	0	0	0	(149,497)
80		Rounding	(4)		0	0	0	0	0	(4)
81		Total Plant in Service	\$76,011,241	\$98,493	\$0	\$0	\$0	\$0	\$0	\$76,109,734
82		Accumulated Depreciation	26,280,898	715,283						26,996,181
83		Net Plant in Service (L58 - L 59)	\$49,730,343	(\$616,790)	\$0	\$0	\$0	\$0	\$0	\$49,113,553
85		LESS:								
86		Contributions in Aid of Construction (CIAC)	\$17,500,750	\$0	\$0	\$0	\$0	\$0	\$0	\$17,500,750
87		Less: Accumulated Amortization	1,375,475	0	0	0	0	0	0	1,375,475
88		Net CIAC (L63 - L64)	\$16,125,275	\$0	\$0	\$0	\$0	\$0	\$0	\$16,125,275
89		Advances in Aid of Construction (AIAC)	6,374,283	0	0	0	0	0	0	6,374,283
90		Meter Deposits	4,903	0	0	0	0	0	0	4,903
91		Deferred Income Tax Credits (Debits)	1,014,247	0	0	0	0	0	0	1,014,247
92		Investment Tax Credits	0	0	0	0	0	0	0	0
93		Regulatory Liabilities	90,329	0	0	0	0	0	(90,329)	0
94		ADD:								
95		Working Capital Allowance	62,870	0		(18,420)	0	0	0	44,450
96		Pumping Power	0	0	0	0	0	0	0	0
97		Purchase Wastewater Treatment Charges	0	0	0	0	0	0	0	0
98		Material and Supplies Inventory	0	0	0	0	0	0	0	0
99		Prepayments	0	0	0	0	0	0	0	0
100			0	0	0	0	0	0	0	0
101		Deferred Debits	225,112	0	(225,112)	0	0	0	0	0
102		Rounding	(2)	0						(2)
103		Original Cost Rate Base	\$26,409,286	(\$616,790)	(\$225,112)	(\$18,420)	\$0	\$90,329	\$25,639,293	

References:

Column [A] Company Schedules  
Column [B] MJR Testimony  
Column [C] MJR Testimony  
Column [D] MJR Testimony  
Column [E] MJR Testimony  
Column [F] MJR Testimony  
Column [G] Sum of Columns A thru F



**RATE BASE ADJUSTMENT NO. 1 - DEBIT ACCUMULATED DEPRECIATION AND NEGATIVE PLANT VALUES**

LINE NO.	ACCT. NO.	DESCRIPTION	[A] Debit Accum Depreciation	[B] Phantom Assets	[C] Staff Recommended
1	303200	Land & Land Rights SS	(\$60)	(\$60)	\$0
2	334200	Meter Installations	(137,217)	(137,217)	0
3	339600	Other P/E CPS	(62,988)	(62,988)	0
4	340200	Comp & Periph Equip	(833,278)	(833,278)	0
5	340500	Other Office Equipment	(3,387)	(3,387)	0
6	344000	Laboratory Equipment	(5,932)	(5,932)	0
7	346190	Remote Control & Instrument	(420)	(420)	0
8	347000	Miscellaneous Equipment	(2,201)	(2,201)	0
9	304100	Structures and Improvements Supply	330,200	330,200	0
10		Subtotal	(\$715,283)	(\$715,283)	\$0
11					
12					
13					
14					
15					
16					
17					
18					
19	304100	Structures and Improvements Supply	(\$98,493)	\$98,493	\$0

References:

Column [A] Company Schedules  
Column [B] MJR Testimony  
Column [C] Column A minus Column B

EPCOR Water Arizona - Sun City Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule MJR-6

**RATE BASE ADJUSTMENT NO. 2 - REVERSAL OF AFUDC AND DEFERRED DEPRECIATION DEFERRAL**

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS AMOUNT	[C] STAFF AS ADJUSTED
1	Deferred Debits	\$225,112	(225,112)	\$0
2				

REFERENCES:

Columns [A]: Amount reflected on Co Schedule B-2, page 1

Column [B]: Col [C] less col [A]

Column [C]: Per Testimony MJR

RATE BASE ADJUSTMENT NO. 3 - WORKING CAPITAL

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] LEAD/LAG FACTOR COMPANY	[E] B-6, page 1 CASH WORKING CAPITAL REQ COMPANY	[F] CASH WORKING CAPITAL REQ STAFF
1	Labor	\$1,711,461	(\$46,525)	\$1,664,936	10.602	\$49,712	\$48,361
2	Purchased Water	0	0	0	41.235	-	-
3	Fuel & Power	1,557,580	0	1,557,580	(7.434)	(31,723)	(31,723)
4	Chemicals	34,119	0	34,119	(13.706)	(1,281)	(1,281)
5	Waste Disposal	4,661	0	4,661	10.172	130	130
6	Intercompany Support Services	1,396	0	1,396	10.818	41	41
7	Corporate Allocation	510,069	(34,683)	475,386	10.815	15,113	14,086
8	Outside Services	280,698	0	280,698	6.880	5,291	5,291
9	Group Insurance	497,020	(6,298)	490,722	51.951	70,742	69,845
10	Pensions			6,298	51.951	-	896
11	Regulatory Expense	101,188	(101,188)	0	78.551	21,776 *	-
12	Insurance Other Than Group	288,791	0	288,791	(31.453)	(24,886)	(24,886)
13	Customer Accounting	845,044	(39,938)	805,106	(8.593)	(19,894)	(18,954)
14	Rents	45,805	0	45,805	27.859	3,496	3,496
15	General Office Expense	212,603	(31,950)	180,653	1.964	1,144 *	972
16	Miscellaneous	462,692	(5,853)	456,839	13.435	17,031 *	16,815
17	Maintenance Expense	205,746	0	205,746	(5.65)	(3,185) *	(3,185)
18	General Taxes-Property	456,767	(8,835)	447,932	(172.02)	(215,262)	(211,099)
19	Taxes - Payroll	121,105	0	121,105	14.83	4,922	4,922
20	Taxes - Other	97,801	0	97,801	172.62	46,252	46,252
21	Income Taxes	706,258	(110,124)	596,134	(0.52)	(997)	(841)
22	Interest	676,078	(9,456)	666,622	(33.27)	(61,616)	(60,754)
23	<b>Total Operating Expenses</b>	<b>\$8,816,882</b>	<b>(\$394,849)</b>	<b>\$8,428,331</b>		<b>(\$123,197)</b>	<b>(\$141,616)</b>
24							
25							
26	CASH WORKING CAPITAL REQUIREMENT					(\$123,197)	(\$141,616)
27							
28							
29							
30	Company As Filed Cash Working Capital Co Schedule B-6, Staff Col F	(\$123,197)	(\$18,420)	(\$141,616)			
31	Company as filed material and Supplies Inventories B-5	117,539	-	117,539			
32	Company as Filed Prepayments B-5	68,527	-	68,527			
33							
34	<b>Working Capital</b>	<b>\$62,869</b>	<b>(\$18,420)</b>	<b>\$44,450</b>			
35							
36							
37							
38							

<sup>1</sup> Company did not breakdown Lead/Lag B-6 between group insurance and pensions

<sup>2</sup> Staff removed Regulatory expense from lead lag estimates

\$218,906

<sup>3</sup> Staff accepts Company breakdown between payroll taxes and other taxes.

<sup>4</sup> Staff Cost of Capital Testimony

<sup>5</sup> Includes water testing expense

<sup>a</sup> No amount shown for Taxes payroll on income statement.

<sup>b</sup> No lead lag factor provided for water testing or pensions.

References:

Column [A]: Company Schedule B-6

Column [B]: Staff adjustments to expenses, See Testimony CLP

Column [C]: Column [A] + Column [B]

Column [D]: Company provided Lead/Lag Factor

Column [E]: Column [A] \* Column [D]

Column [F]: Column [C] \* Column [D]

R Water Arizona - Sun City Water District  
t No. WS-01303A-14-0010  
ear Ended June 30, 2013

Final Schedule MJR -8

**RATE BASE ADJUSTMENT NO. 4 - not used**

<u>Description</u>	[A]	[B]	[C]
	COMPANY		STAFF
	AS	STAFF	AS
	<u>FILED</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED</u>
CIAC	<u>\$17,500,750</u>	<u>\$0</u>	<u>\$17,500,750</u>

Columns [A]: Company schedules

Column [B]: Column [C] less Column [A]

Column [C]: See testimony MJR

EPCOR Water Arizona - Sun City Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule MJR-9

RATE BASE ADJUSTMENT NO. 5 - REVERSAL OF REGULATORY LIABILITY FOR LOW INCOME  
TARIFF OVER-COLLECTION

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS AMOUNT	[C] STAFF AS ADJUSTED
1	Regulatory Liability	\$90,329	(\$90,329)	\$0
2				

REFERENCES:

Columns [A]: Amount reflected on Co Schedule B-2, page 1  
Column [B]: Col [C] less col [A]  
Column [C]: Per Testimony MJR

OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF RECOMMENDED CHANGES	[E] STAFF RECOMMENDED
1	Water Revenues	\$10,103,166	\$30,110	\$10,133,276	\$888,476	\$11,021,752
2	Other Revenues	162,387	0	162,387	0	162,387
3	Other	0	0	0	0	0
4	<b>Total Operating Revenues</b>	<b>\$10,265,553</b>	<b>\$30,110</b>	<b>\$10,295,663</b>	<b>\$888,476</b>	<b>\$11,184,140</b>
5	Labor	\$1,711,461	(\$46,525)	\$1,664,936	\$0	\$1,664,936
6	Purchased Water	0	0	0	0	0
7	Fuel & Power	1,557,580	0	1,557,580	0	1,557,580
8	Chemicals	34,119	0	34,119	0	34,119
9	Waste Disposal	4,661	0	4,661	0	4,661
10	Intercompany Support Services	1,396	0	1,396	0	1,396
11	Corporate Allocation	510,069	(34,684)	475,386	0	475,386
12	Outside Services	280,698	0	280,698	0	280,698
13	Group Insurance	490,722	0	490,722	0	490,722
14	Pensions	6,298	0	6,298	0	6,298
15	Regulatory Expense	101,188	(33,982)	67,206	0	67,206
16	Insurance Other Than Group	288,791	0	288,791	0	288,791
17	Customer Accounting	834,153	(32,098)	802,055	3,051	805,106
18	Water Testing Expense	30,180	25,080	55,260	0	55,260
19	Rents	45,805	0	45,805	0	45,805
20	General Office Expense	212,603	(31,950)	180,653	0	180,653
21	Miscellaneous	432,512	(30,933)	401,579	0	401,579
22	Maintenance Expense	205,746	0	205,746	0	205,746
23	Depreciation & Amortization	1,916,821	(202,512)	1,714,309	0	1,714,309
24	General Taxes-Property	434,142	1,276	435,418	12,514	447,932
25	General Taxes-Other	218,906	0	218,906	0	218,906
26	Income Taxes	104,004	160,773	264,777	331,357	596,134
27	<b>Total Operating Expenses</b>	<b>\$9,421,858</b>	<b>(\$225,555)</b>	<b>\$9,196,303</b>	<b>\$346,922</b>	<b>\$9,543,225</b>
28	<b>Operating Income (Loss)</b>	<b>\$843,695</b>	<b>\$255,665</b>	<b>\$1,099,361</b>	<b>\$541,554</b>	<b>\$1,640,915</b>

References:

Column [A]: Company Schedule C-1  
Column [B]: Schedule CLP-11  
Column [C]: Column [A] + Column [B]  
Column [D]: Schedules CLP-2, Lines 29 and 37  
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Water Revenue Ref. Sch CLP-12	[C] ADJ #2 Depreciation Exp. Ref. Sch CLP-13	[D] ADJ #3 Property Taxes Ref. Sch CLP-14	[E] ADJ #4 Income Taxes Ref. Sch CLP-15	[F] ADJ #5 Corporate Allocation Ref. Sch CLP-16	[G] ADJ #6 Water Testing Ref. Sch CLP-17	[H] ADJ #7 Rate Case Expense Ref. Sch CLP-18	[I] ADJ #8 Bad Debts Expense Ref. Sch CLP-19	[J] STAFF ADJUSTED
1	Water Revenues	\$10,103,166	\$30,110	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,133,276
2	Other Revenues	162,387	0	0	0	0	0	0	0	0	162,387
3	Other	0	0	0	0	0	0	0	0	0	0
4	Total Operating Revenues	<u>\$10,265,553</u>	<u>\$30,110</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$10,295,663</u>
5	Labor	\$1,711,461	\$0	\$0	\$0	\$0	(\$46,525)	\$0	\$0	\$0	\$1,664,936
6	Purchased Water	0	0	0	0	0	0	0	0	0	0
7	Fuel & Power	1,557,580	0	0	0	0	0	0	0	0	1,557,580
8	Chemicals	34,119	0	0	0	0	0	0	0	0	34,119
9	Waste Disposal	4,661	0	0	0	0	0	0	0	0	4,661
10	Intercompany Support Services	1,396	0	0	0	0	0	0	0	0	1,396
11	Corporate Allocation	510,069	0	0	0	0	(34,684)	0	0	0	475,386
12	Outside Services	280,698	0	0	0	0	0	0	0	0	280,698
13	Group Insurance	490,722	0	0	0	0	0	0	0	0	490,722
14	Pensions	6,298	0	0	0	0	0	0	0	0	6,298
15	Regulatory Expense	101,188	0	0	0	0	0	0	0	0	101,188
16	Insurance Other Than Group	288,791	0	0	0	0	0	0	0	0	288,791
17	Customer Accounting	834,153	0	0	0	0	0	0	(33,982)	0	800,171
18	Water Testing Expense	30,180	0	0	0	0	0	0	0	0	30,180
19	Rents	45,805	0	0	0	0	0	25,080	0	0	70,885
20	General Office Expense	212,603	0	0	0	0	0	0	0	0	212,603
21	Miscellaneous	432,512	0	0	0	0	0	0	0	0	432,512
22	Maintenance Expense	205,746	0	0	0	0	(31,950)	0	0	0	173,796
23	Depreciation & Amortization	1,916,821	0	0	0	0	(753)	(30,180)	0	0	1,885,888
24	General Taxes-Property	434,142	0	(202,512)	0	0	0	0	0	0	231,630
25	General Taxes-Other	218,906	0	0	1,276	0	0	0	0	0	220,182
26	Income Taxes	104,004	0	0	0	0	0	0	0	0	104,004
27	Total Operating Expenses	<u>\$9,421,858</u>	<u>\$0</u>	<u>(\$202,512)</u>	<u>\$1,276</u>	<u>160,773</u>	<u>(\$113,912)</u>	<u>(\$5,100)</u>	<u>(\$33,982)</u>	<u>0</u>	<u>\$9,196,303</u>
28	Operating Income (Loss)	<u>\$843,695</u>	<u>\$30,110</u>	<u>\$202,512</u>	<u>(\$1,276)</u>	<u>(\$160,773)</u>	<u>\$113,912</u>	<u>\$5,100</u>	<u>\$33,982</u>	<u>(\$32,098)</u>	<u>\$1,099,361</u>

EPCOR Water Arizona - Mohave Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-12

OPERATING INCOME ADJUSTMENT NO. 1 - WATER REVENUE
---

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Revenue	<u>\$10,265,553</u>	<u>\$30,110</u>	<u>\$10,295,663</u>

Adjustment for over collection of water revenue from the Low-Income  
Program miscoded as a Regulatory Liability on Company's Schedule B-1 & B-2

References:

Column [A]: Company Revised Schedule C-2  
Column [B]: Testimony CLP  
Column [C]: Column [A] + Column [B]



OPERATING INCOME STATEMENT ADJUSTMENT NO. 2 - DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	DESCRIPTION	PLANT BALANCE	Non-Depreciable/ Fully Depreciated	DEPRECIATION RATE Staff Recommended	DEPRECIATION EXPENSE
1		<b>PLANT IN SERVICE:</b>				
2	301000	Organization	\$471	\$471	0.00%	\$0
3	302000	Franchises	0	0	0.00%	0
4	303200	Land & Land Rights SS	268,738	268,738	0.00%	0
5	303300	Land & Land Rights P	8,456	8,456	0.00%	0
6	303500	Land & Land Rights TD	10,493	10,493	0.00%	0
7	303600	Land & Land Rights AG	2,125	2,125	0.00%	0
8	304100	Struct & Imp SS	0	0	2.50%	0
9	304200	Struct & Imp P	4,467,063	0	2.00%	89,341
10	304300	Struct & Imp WT	126,815	0	2.00%	2,536
11	304400	Struct & Imp TD	34,162	0	2.00%	683
12	304500	Struct & Imp AG	374,292	0	2.00%	7,486
13	304600	Struct & Imp Offices	47,528	0	2.50%	1,188
14	304620	Struct & Imp Leasehold	0	0	2.50%	0
15	304800	Struct & Imp Misc	1,383,151	0	2.50%	34,579
16	305000	Collect & Impounding	314	0	1.67%	5
17	307000	Wells & Springs	3,812,341	0	2.50%	95,309
18	309000	Supply Mains	787,835	0	1.67%	13,157
19	310000	Power Generation Equip	1,430,917	0	3.33%	47,650
20	311000	Pumping Equip Steam	0	0	4.00%	0
21	311100	Other Power Production	4,473	0	4.00%	179
22	311200	Pump Equip Electric	11,150,383	0	4.00%	446,015
23	311300	Pump Equip Diesel	213,446	0	4.00%	8,538
24	311400	Pump Equip Hydraulic	16,219	0	4.00%	649
25	311500	Pump Equip Other	210,006	0	4.00%	8,400
26	311530	Pumping Equip Water Treat	35,035	0	4.00%	1,401
27	320100	WT Equip Non-Media	881,711	0	5.00%	44,086
28	320200	Solution Chemical Feeders	120,791	0	10.00%	12,079
29	330000	Dist Reservoirs & Standpipe	5,621,435	0	1.54%	86,570
30	330200	Pressure Tank	88,435	0	1.54%	1,362
31	331001	TD Mains Not Classified by Size	1,128,336	0	2.00%	22,567
32	331100	TD Mains 4in & Less	13,290,123	0	1.43%	190,049
33	331200	TD Mains 6in to 8in	4,576,963	0	1.43%	65,451
34	331300	TD Mains 10in to 16in	5,251,696	0	1.43%	75,099
35	331400	TD Mains 18in & Grtr	152,237	0	1.43%	2,177
36	332000	Fire Mains	0	0	1.43%	0
37	333000	Services	6,609,463	0	2.50%	165,237
38	334100	Meters	6,145,035	0	8.33%	511,881
39	334200	Meter Installations	660,094	0	2.50%	16,502
40	334300	Meter Vaults	952	0	2.50%	24
41	335000	Hydrants	2,941,652	0	2.00%	58,833
42	336000	Backflow Preventors	7,036	0	6.67%	469
43	339500	Other P/E TD	523	0	3.33%	17
44	339600	Other P/E CPS	179,633	0	3.33%	5,982
45	340100	Office Furniture & Equip	779,242	0	4.50%	35,066
46	340200	Comp & Periph Equip	223,286	0	10.00%	22,329
47	340300	Computer Software	43,402	43,402	20.00%	0
48	340310	Computer Software	9,105	0	20.00%	1,821
49	340325	Computer Software Custom	16,914	0	20.00%	3,383
50	340500	Other Office Equipment	3,854	0	6.67%	257
51	341100	Trans Equip Lt Duty Tks	976,241	976,241	20.00%	0
52	341200	Trans Equip Hvy Duty Tks	54,958	54,958	14.29%	0
53	341400	Trans Equip Other	85,411	0	16.67%	14,238
54	342000	Stores Equipment	20,135	0	4.00%	805
55	343000	Tools, Shop, Garage Equip	376,007	0	4.00%	15,040
56	344000	Laboratory Equipment	107,428	0	4.00%	4,297
57	345000	Power Operated Equipment	151,899	0	5.00%	7,595
58	346100	Comm Equip Non-Telephone	218,768	218,768	10.00%	0
59	346190	Remote Control & Instrument	396,433	0	10.00%	39,643
60	346200	Comm Equip Telephone	1,126	0	10.00%	113
61	346300	Comm Equip Other	174,797	0	10.00%	17,480
62	347000	Misc Equipment	10,219	0	6.25%	639
63	304500	Structures & Imp General	13,904	0	2.50%	348
64	304600	Structures & Improvement Offices	(982)	0	2.50%	(25)
65	304620	Structures & Improvements Leasehold	2,838	0	2.50%	71
66	334100	Meters	1,675	0	8.33%	140
67	339600	Other P/E CPS	52,046	0	3.33%	1,733
68	340100	Office furniture & Equipment	180,156	0	4.50%	8,107
69	340200	Computer & Peripheral Equ	119,750	0	10.00%	11,975
70	340300	Computer Software	80,229	0	20.00%	16,046
71	340330	Computer Software Other	909	0	20.00%	182
72	341400	Transportation Equipment Other	16,606	0	16.67%	2,768
73	343000	Tools, Shop, Garage Equipment	0	0	4.00%	0
74	344000	Laboratory Equipment	4,692	0	4.00%	188
75	346100	Communication Equipment non-telephone	26,542	0	10.00%	2,654
76	346190	Remote Control & Instrument	2,168	0	10.00%	217
77	346200	Communication Equipment Telephone	10,300	0	10.00%	1,030
78	346300	Communication Equip Other	699	0	10.00%	70
79	347000	Miscellaneous Equipment	58,082	0	6.25%	3,630
79	0	Youngstown	(149,497)	0	0.00%	0
80	0	Rounding	(4)	0		
81	0	Total Plant in Service	\$76,109,734	\$1,583,652		\$2,227,340
82						
83			\$76,109,734			
84			\$0			
85		Less Non Depreciable Plant	\$74,526,082			
86						
87						
88		Net Depreciable Plant and Depreciation Amort	\$74,526,082			\$2,227,340
89						
90						
91						
92						
93						
94		Composite Depreciation Rate			2.99%	
95		Less				
96		Amortization of CIAC at Composite rate				
97		CIAC	\$17,500,750			523,040
98		Staff Recommended Depreciation Expense/CIAC Amortization				\$1,704,300
99		Amortization of Sun City Fireflow				5,904
100		Amortization of Y2K				4,105
101		Staff Recommended Depreciation/Amortization Expense				1,714,309
102		Company Proposed Depreciation Expense				1,916,821
103		Staff Adjustment				(\$202,512)

References:

Col A Schedule MJR-4  
Col B Fully Depreciated Plant from Company Schedules

OPERATING INCOME STATEMENT ADJUSTMENT NO. 3 - PROPERTY TAX EXPENSE

LINE NO.	DESCRIPTION	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$10,295,663	\$10,295,663
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	\$20,591,326	\$20,591,326
4	Staff Recommended Revenue, Per Schedule BAB-1	10,295,663	11,184,140
5	Subtotal (Line 4 + Line 5)	30,886,989	31,775,466
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	10,295,663	10,591,822
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	20,591,326	21,183,644
10	Plus: 10% of CWIP	18,237	18,237
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	20,609,563	21,201,881
13	Assessment Ratio	18.50%	18.50%
14	Assessment Value (Line 12 * Line 13)	3,812,769	3,922,348
15	Composite Property Tax Rate - Obtained from ADOR	11.42%	11.42%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$435,418	
17	Company Proposed Property Tax	434,142	
18	Staff Test Year Adjustment (Line 16 - Line 17)	<u>\$1,276</u>	
19	Property Tax on Staff Recommended Revenue (Line 14 * Line 15)		\$447,932
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		435,418
21	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$12,514</u>
22	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$12,514
23	Increase in Revenue Requirement		\$888,476
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		1.40847%

REFERENCES:

Line 15: Composite Tax Rate obtained from Arizona Department of Revenue  
Line 17: Company Schedule C-1, Line 24  
Line 21: Line 19 - Line 20  
Line 23: Schedule BAB-1, Line 8

OPERATING INCOME STATEMENT ADJUSTMENT NO. 4 - INCOME TAXES
--

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Taxes	<u>\$104,004</u>	<u>\$160,773</u>	<u>\$264,777</u>

References:

Column [A]: Company Revised Schedule C-2  
Column [B]: Testimony CLP  
Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 5 - CORPORATE ALLOCATION

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY PROPOSED ALLOCATIONS	[B] COMPANY ADJ. TY OP. EXPENSES	[C] COMPANY ALLOCATION RATE	[D] STAFF'S DISALLOWABLE EXPENSES	[E] STAFF ADJUSTMENTS [1] Col [D] x Col [C]	[F] STAFF RECOMMENDED Col. [A] - Col. [E]
1		Labor	\$823,225	\$1,711,461	11.6066%	(\$400,855)	a (\$46,525)	\$776,700
2		Purchased Water	0	0	11.6066%		0	0
3		Fuel & Power	5,295	1,557,580	11.6066%		0	5,295
4		Chemicals	127	34,119	11.6066%		0	127
5		Waste Disposal	272	4,661	11.6066%		0	272
6		Intercompany Support Services	1,396	1,396	11.6066%		0	1,396
7		Corporate Allocation	587,486	510,069	11.6066%	(298,829)	b (34,684)	552,802
8		Outside Services	71,559	280,698	11.6066%		c 0	71,559
9		Group Insurance	149,618	490,722	11.6066%		0	149,618
10		Pensions	(13,883)	6,298	11.6066%		d 0	(13,883)
11		Regulatory Expense	33,470	101,188	11.6066%		e 0	33,470
12		Insurance Other Than Group	20,892	288,791	11.6066%		0	20,892
13		Customer Accounting	42,690	834,153	11.6066%		f 0	42,690
14		Rents	33,673	45,805	11.6066%		0	33,673
15		General Office Expense	110,225	212,603	11.6066%	(275,278)	g (31,950)	78,275
16		Miscellaneous	23,739	432,512	11.6066%	(6,485)	h (753)	22,986
17		Maintenance Expense	103,015	205,746	11.6066%		0	103,015
18		Depreciation & Amortization	233,704	1,916,821	11.6066%	(1,317,140)	[2]	233,704
19		General Taxes-Property	0	434,142	11.6066%		0	0
20		General Taxes-Other	80,814	218,906	11.6066%		0	80,814
21		Income Taxes	(293,919)	104,004	11.6066%		0	(293,919)
22		Total Operating Expenses	\$2,013,398	\$9,421,858		(\$2,298,586)	(\$113,912)	\$1,899,486

[1] Column [C] represents Staff's total unallowable Corporate Allocation for all 21 districts. Each district's expense is multiplied by Epcor's 4-factor cost allocation.

[2] Staff is not recommending adjusting the depreciation & amortization expense on this schedule because this adjustment is being captured on Schedule CLP-13. and discussed in Ms. Rinback's testimony who is covering Rate Base, Plant and Depreciation.

References:

Column [A, B & E]: Company response to DR BAB-1-2, electronic work paper titled "June 2013 Rolling 12 Months by BU"

Column [C]: Company Schedule C-1

Column [D]: Column [A] + Column [B] + Column [C]

Column [F]: Staff Schedule CLP-15 page 2

Column [G]: Column [E] \* Column [F]

Column [H]: Column [B] + Column [G]

Docket No. WS-01303A-14-0010  
 Test Year Ended June 30, 2013

DESCRIPTION	DETAILS	AMOUNT
Labor	STIP pay	(\$400,855)
Corporate Allocation	At-Risk Compensation	(298,829)
General Office Expense	Promotion	
	Recognition	(\$102,421)
	Training - Fees/Tuition	(87,430)
	Meals/Entertainment	(44,119)
	Donations	(34,534)
	Stationary, Printing & Other O	(4,133)
	Accommodation, Other Travel	(2,345)
		(298)
	<b>General Office Expense Total</b>	<b>(275,278)</b>
Miscellaneous		(6,485)
Depreciation & Amortization	Amortization of Utility Plant Acquisition Adjustment	(\$1,000,110)
	Amortization of AFUDC	(317,030)
	<b>Depr. &amp; Amortization Expense Total</b>	<b>(1,317,140)</b>
	<b>Total</b>	<b>(\$2,298,586)</b>

OPERATING INCOME ADJUSTMENT NO. 6 - WATER TESTING EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Testing	\$0	\$25,080	\$25,080
2	Miscellaneous	23,739	(30,180)	
			<u>(\$5,100)</u>	

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE
---

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Regulatory Expense	<u>\$101,188</u>	<u>(\$33,982)</u>	<u>\$67,206</u>

References:

Column [A]: Company Revised Schedule C-2  
Column [B]: Testimony CLP  
Column [C]: Column [A] + Column [B]

**OPERATING INCOME ADJUSTMENT NO. 8 - BAD DEBTS EXPENSE**

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Customer Accounting - Bad Debt	\$834,153	(\$32,098)	\$802,055
2				
3				
4				
5				Actual TY
6				Month
7				July-12
8				Aug-12
9				Sep-12
10				Oct-12
11				Nov-12
12				Dec-12
13				Jan-13
14				Feb-13
15				Mar-13
16				Apr-13
17				May-13
18				Jun-13
19				Total
20				
21	Test Year Bad Debt Expense		4 Factor	Connection Count
22	Jul to Dec 2012 Months Bad Debt Expense	\$266,016	11.6%	\$30,875
23	Jan to Jun 2013 Bad Debt Expense	256,213	14.28%	36,581
24				\$67,457
25				
26			Net Adjustment	(\$32,098)
27				
28			\$10,295,663	Test Year Revenue
29			0.3434%	Bad debt write off %

References:

Column A: Company Schedule C-2  
Column B: Company Rebuttal Schedule C-2  
Column C: Column [A] + Column [B]



RATE DESIGN			
Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<b>Meter Size (All Classes):</b>			
5/8 x 3/4" Meter Residential Low Income	\$4.38	\$6.42	\$5.80
5/8 x 3/4" Meter	8.76	10.70	9.66
3/4" Meter	8.76	10.70	14.49
1" Meter	21.89	26.76	24.15
1 1/2" Meter	43.78	53.52	48.30
2" Meter	70.05	85.64	77.28
3" Meter	140.10	171.28	154.56
4" Meter	218.90	267.62	241.50
6" Meter	437.81	535.24	483.00
8" Meter	700.50	856.38	772.80
Public Interruptible - Peoria	8.16	9.97	10.00
Irrigation - 2"	77.59	94.81	85.00
Irrigation - Raw			
Private Fire 3"	9.73	10.81	10.81
Private Fire 4"	9.73	10.81	10.81
Private Fire 6"	9.73	10.81	10.81
Private Fire 8"	14.01	15.57	15.57
Private Fire 10"	20.14	22.38	22.38
Private Hydrant - Peoria	8.22	9.13	9.13
<b>Commodity Charge-Per 1,000 gallons</b>			
<b>5/8 x 3/4", 3/4" &amp; 1" Meter (Residential)</b>			
First 1,000 gallons	\$0.7297	\$0.7500	\$0.7500
From 1,001 to 3,000 gallons	1.0702	1.3702	1.2000
From 3,001 to 9,000 gallons	1.3621	1.6602	1.5005
From 9,001 to 12,000 gallons	1.6539	1.9002	1.9001
Over 12,000 gallons	1.9896	2.1202	2.2626
<b>5/8 x 3/4" &amp; 3/4" (Commercial)</b>			
First 9,000 gallons	\$1.3621	\$1.8302	\$1.5005
Over 9,000 gallons	1.9896	2.1202	2.2626
<b>1" Meter (Commercial)</b>			
First 20,000 gallons	\$1.3621	\$1.8302	\$1.5005
Over 20,000 gallons	1.9896	2.1202	2.2626
<b>1 1/2" Meter (Residential)</b>			
First 1,000 gallons	\$0.7297	N/A	N/A
From 1,001 to 3,000 gallons	1.0702	N/A	N/A
From 3,001 to 9,000 gallons	1.3621	N/A	N/A
From 9,001 to 12,000 gallons	1.6539	N/A	N/A
Over 12,000 gallons	1.9896	N/A	N/A
<b>1 1/2" Meter (Residential)</b>			
First 40,000 gallons	N/A	\$1.8002	\$1.5005
Over 40,000 gallons	N/A	2.0102	2.2626
<b>1 1/2" Meter (Commercial)</b>			
First 40,000 gallons	\$1.3621	\$1.8002	1.5005
Over 40,000 gallons	1.9896	2.0102	2.2626
<b>2" Meter (Residential)</b>			
First 1,000 gallons	\$0.7297	N/A	N/A
From 1,001 to 3,000 gallons	1.0702	N/A	N/A
From 3,001 to 9,000 gallons	1.3621	N/A	N/A
From 9,001 to 12,000 gallons	1.6539	N/A	N/A
Over 12,000 gallons	1.9896	N/A	N/A
<b>2" Meter (Residential)</b>			
First 64,000 gallons	N/A	\$1.8002	\$1.5005
Over 64,000 gallons	N/A	2.0102	2.2626
<b>2" Meter (Commercial)</b>			
First 64,000 gallons	\$1.3621	\$1.8002	\$1.5005
Over 64,000 gallons	1.9896	2.0102	2.2626
<b>3" Meter (Residential)</b>			
First 1,000 gallons	\$0.7297	N/A	N/A
From 1,001 to 3,000 gallons	1.0702	N/A	N/A
From 3,001 to 9,000 gallons	1.3621	N/A	N/A
From 9,001 to 12,000 gallons	1.6539	N/A	N/A
Over 12,000 gallons	1.9896	N/A	N/A
<b>3" Meter (Residential)</b>			
First 131,000 gallons	N/A	\$1.8002	\$1.5005
Over 131,000 gallons	N/A	2.0102	2.2626
<b>3" Meter (Commercial)</b>			
First 131,000 gallons	\$1.3621	\$1.8002	\$1.5005
Over 131,000 gallons	1.9896	2.0102	2.2626
<b>4" Meter (Residential)</b>			
First 1,000 gallons	\$0.7297	N/A	N/A
From 1,001 to 3,000 gallons	1.0702	N/A	N/A
From 3,001 to 9,000 gallons	1.3621	N/A	N/A
From 9,001 to 12,000 gallons	1.6539	N/A	N/A
Over 12,000 gallons	1.9896	N/A	N/A
<b>4" Meter (Residential)</b>			
First 205,000 gallons	N/A	\$1.8002	\$1.5005
Over 205,000 gallons	N/A	2.0102	2.2626
<b>4" Meter (Commercial)</b>			
First 205,000 gallons	\$1.3621	\$1.8002	\$1.5005
Over 205,000 gallons	1.9896	2.0102	2.2626

RATE DESIGN (CONT.)			
<b>6" Meter (Residential)</b>			
First 1,000 gallons	\$0.7297	N/A	N/A
From 1,001 to 3,000 gallons	1.0702	N/A	N/A
From 3,001 to 9,000 gallons	1.3621	N/A	N/A
From 9,001 to 12,000 gallons	1.6539	N/A	N/A
Over 12,000 gallons	1.9896	N/A	N/A
<b>6" Meter (Residential)</b>			
First 415,000 gallons	N/A	\$1.8002	\$1.5005
Over 415,000 gallons	N/A	2.0102	2.2626
<b>6" Meter (Commercial)</b>			
First 415,000 gallons	\$1.3621	\$1.8002	\$1.5005
Over 415,000 gallons	1.9896	2.0102	2.2626
<b>8" Meter (Residential)</b>			
First 1,000 gallons	\$0.7297	N/A	N/A
From 1,001 to 3,000 gallons	1.0702	N/A	N/A
From 3,001 to 9,000 gallons	1.3621	N/A	N/A
From 9,001 to 12,000 gallons	1.6539	N/A	N/A
Over 12,000 gallons	1.9896	N/A	N/A
<b>8" Meter (Residential)</b>			
First 670,000 gallons	N/A	\$1.8002	\$1.5005
Over 670,000 gallons	N/A	2.0102	2.2626
<b>8" Meter (Commercial)</b>			
First 670,000 gallons	\$1.3621	\$1.8002	\$1.5005
Over 670,000 gallons	1.9896	2.0102	2.2626
Public Interruptible	All Usage	\$1.1632	\$1.5005
2" Irrigation	All Usage	\$1.2551	\$1.4500
Irrigation - Raw	All Usage	\$1.0037	\$1.2000
Private Hydrant - Peoria	All Usage	\$1.1400	\$1.3000
Central AZ Project - Raw	All Usage	\$0.8480	\$1.0176
Groundwater Savings Fee			
Residential	per unit	1.3100	1.5650
Non-residential	All Usage	0.1681	0.1192
Low Income Surcharge*		\$0.0200	\$0.0220

\* The surcharge will be added to the highest block commodity rate (residential and commercial customers only), and will change upon the Company's annual reconciliation of number of participants and top tier usage.

Service Establishment, Reestablishment and/or Reconnection Charge			\$35.00
Regular Hours	\$30.00	\$35.00	
After Hours	40.00	65.00	Remove from Tariff
Insufficient Funds (NSF) Check Charge	25.00	25.00	Remove from Tariff
Meter Reread (if Correct)	5.00	25.00	25.00
Meter Test (If Correct)	10.00	35.00	35.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (None Residential Meter)	(a)	(a)	(a)
Deposit Interest	(a)	(a)	(a)
Deferred Payment, Per Month	N/A	1.5% per month	1.5% per month
Late Charge per month	N/A	1.5% per month	1.5% per month
After Hours Service Charge (b)	N/A	N/A	30.00

(b) After Hours Service : After regular working hours, on Saturdays, Sundays or holidays if at the customer's request or for the customer's convenience.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule 14-2-409D(5).

[illegible]

EPCOR Water Arizona, Inc.  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013  
Sun City Water District

Revised Surrebuttal Schedule BAB-2

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,203	\$17.36	\$21.17	\$3.81	21.97%
Median Usage	6,000	\$15.72	\$19.17	\$3.45	21.98%
<b>Staff Recommended</b>					
Average Usage	7,203	\$17.36	\$19.12	\$1.76	10.15%
Median Usage	6,000	\$15.72	\$17.31	\$1.60	10.15%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons	Present	Company Proposed		Staff Recommended	
Consumption	Rates	Rates	Increase	Rates	Increase
-	\$8.76	\$10.70	22.15%	\$9.66	10.27%
1,000	9.49	11.45	20.66%	10.41	9.70%
2,000	10.56	12.82	21.40%	11.61	9.94%
3,000	11.63	14.19	22.01%	12.81	10.15%
4,000	12.99	15.85	22.00%	14.31	10.15%
5,000	14.35	17.51	21.99%	15.81	10.15%
6,000	15.72	19.17	21.98%	17.31	10.15%
7,000	17.08	20.83	21.97%	18.81	10.15%
8,000	18.44	22.49	21.97%	20.31	10.15%
9,000	19.80	24.15	21.96%	21.81	10.15%
10,000	22.50	27.42	21.89%	24.91	10.74%
11,000	25.19	30.69	21.84%	28.01	11.20%
12,000	27.89	33.96	21.80%	31.11	11.58%
13,000	30.97	37.48	21.00%	34.60	11.71%
14,000	34.06	40.99	20.35%	38.08	11.81%
15,000	37.14	44.50	19.81%	41.56	11.90%
16,000	40.23	48.01	19.35%	45.04	11.97%
17,000	43.31	51.52	18.96%	48.53	12.03%
18,000	46.40	55.04	18.62%	52.01	12.09%
19,000	49.49	58.55	18.32%	55.49	12.14%
20,000	52.57	62.06	18.05%	58.97	12.18%
25,000	68.00	79.62	17.09%	76.39	12.34%
30,000	83.43	97.19	16.49%	93.80	12.43%
35,000	98.86	114.75	16.07%	111.22	12.50%
40,000	114.29	132.31	15.77%	128.63	12.55%
45,000	129.72	149.87	15.54%	146.04	12.59%
50,000	145.15	167.43	15.36%	163.46	12.62%
75,000	222.29	255.24	14.82%	250.52	12.70%
100,000	299.44	343.05	14.57%	337.59	12.74%

EPCOR Water Arizona - Tubac Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

## STAFF TESTIMONY

### TABLE OF CONTENTS TO SCHEDULES:

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CLP- 2	<u>GROSS REVENUE CONVERSION FACTOR</u>
MJR- 3	<u>RATE BASE - ORIGINAL COST</u>
MJR- 4	<u>SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS</u>
MJR- 5	<u>RATE BASE ADJUSTMENT NO. 1 - PLANT IN SERVICE AND DEBIT ACCUMULATED DEPRECIATION</u>
MJR- 6	<u>RATE BASE ADJUSTMENT NO. 2 - REVERSAL OF AFUDC AND DEFERRED DEPRECIATION DEFERRAL</u>
MJR- 7	<u>RATE BASE ADJUSTMENT NO. 3 - WORKING CAPITAL</u>
MJR- 8	<u>RATE BASE ADJUSTMENT NO. 4 -Not used</u>
MJR- 9	<u>RATE BASE ADJUSTMENT NO. 5 - ARSENIC MEDIA</u>
CLP- 10	<u>OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED</u>
CLP- 11	<u>SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR</u>
CLP- 12	<u>OPERATING INCOME ADJUSTMENT NO. 1 - WATER REVENUE</u>
CLP- 13	<u>OPERATING ADJUSTMENT NO. 2 - DEPRECIATION EXPENSE</u>
CLP- 14	<u>OPERATING ADJUSTMENT NO. 3 - PROPERTY TAX EXPENSE</u>
CLP- 15	<u>OPERATING INCOME ADJUSTMENT NO. 4 - INCOME TAXES</u>
CLP- 16	<u>OPERATING INCOME ADJUSTMENT NO. 5 - CORPORATE ALLOCATION</u>
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CLP- 18	<u>OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE</u>
CLP- 19	<u>OPERATING INCOME ADJUSTMENT NO. 8 - BAD DEBTS EXPENSE</u>
CLP- 20	<u>OPERATING INCOME ADJUSTMENT NO. 9 - CHEMICALS EXPENSE</u>
BAB- 1	<u>RATE DESIGN</u>
BAB- 2	<u>TYPICAL BILL ANALYSIS</u>

EPCOR Water Arizona - Tubac Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-1

REVENUE REQUIREMENT
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LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	\$1,607,775	\$1,340,786
2	Adjusted Operating Income (Loss)	(\$129,752)	(\$59,450)
3	Current Rate of Return (L2 / L1)	-8.07%	-4.43%
4	Required Rate of Return	6.87%	6.20%
5	Required Operating Income (L4 * L1)	\$110,454	\$83,129
6	Operating Income Deficiency (L5 - L2)	\$240,206	\$142,579
7	Gross Revenue Conversion Factor	1.6589	1.6443
8	Required Revenue Increase (L7 * L6)	\$398,488	\$234,449
9	Adjusted Test Year Revenue	\$579,194	\$579,194
10	Proposed Annual Revenue (L8 + L9)	\$977,682	\$813,643
11	Required Increase in Revenue (%)	68.80%	40.48%

References:

Column [A]: Company Schedule A-1

Column [B]: Staff Schedules CLP-2, MJR-3, and CLP-10

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]
<u>Calculation of Gross Revenue Conversion Factor:</u>				
1	Revenue	100.0000%		
2	Uncollectible Factor (Line 13)	0.1460%		
3	Revenues (L1 - L2)	99.8540%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.0396%		
5	Subtotal (L3 - L4)	60.8143%		
6	<b>Revenue Conversion Factor (L1 / L5)</b>	<b>1.644349</b>		
<u>Calculation of Uncollectible Factor:</u>				
9	Unity	100.0000%		
10	Combined Federal and State Tax Rate (Line 21)	37.9600%		
11	One Minus Combined Income Tax Rate (L9 - L10)	62.0400%		
12	Uncollectible Rate	0.23536%		
13	Uncollectible Factor (L11 * L12)		0.1460%	
<u>Calculation of Effective Tax Rate:</u>				
16	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%		
17	Arizona State Income Tax Rate	6.0000%		
18	Federal Taxable Income (L16 - L17)	94.0000%		
19	Applicable Federal Income Tax Rate (Line 68)	34.0000%		
20	Effective Federal Income Tax Rate (L18 x L19)	31.9600%		
21	Combined Federal and State Income Tax Rate (L17 + L20)		37.9600%	
<u>Calculation of Effective Property Tax Factor:</u>				
24	Unity	100.0000%		
25	Combined Federal and State Income Tax Rate (L21)	37.9600%		
26	One Minus Combined Income Tax Rate (L24 - L25)	62.0400%		
27	Property Tax Factor (CLP-14, L25)	1.7402%		
28	Effective Property Tax Factor (L26 x L27)		1.0796%	
29	Combined Federal and State Income Tax and Property Tax Rate (L21 + L28)			39.0396%
32	Required Operating Income (Schedule CLP-1, Line 5)	\$83,129		
33	Adjusted Test Year Operating Income (Loss) (Schedule CLP-10, Line 32)	(59,450)		
34	Required Increase in Operating Income (L33 - L34)		\$142,579	
36	Income Taxes on Recommended Revenue (Col. [C], L62)	\$31,995		
37	Income Taxes on Test Year Revenue (Col. [A], L62)	(55,244)		
38	Required Increase in Revenue to Provide for Income Taxes (L36 - L37)		\$87,239	
40	Recommended Revenue Requirement (Schedule CLP-1, Line 10)	\$813,643		
41	Uncollectible Rate (Line 12)	0.2354%		
42	Uncollectible Expense on Recommended Revenue (L40 x L41)	\$1,915		
43	Adjusted Test Year Uncollectible Expense	1,363		
44	Required Increase in Revenue to Provide for Uncollectible Exp.		\$552	
46	Property Tax with Recommended Revenue (CLP-14, L20)	\$34,318		
47	Property Tax on Test Year Revenue (CLP-14, Col [A], L16)	30,238		
48	Increase in Property Tax Due to Increase in Revenue (L46 - L47)		\$4,080	
50	Total Required Increase in Revenue (L34 + L38 + L44 + L48)		\$234,449	
<u>Calculation of Income Tax:</u>				
54	Revenue (Sch CLP-10, Col. [C] L5, CLP-1, Col. [C] 10)	\$579,194		\$813,643
55	Operating Expenses Excluding Income Taxes	693,888		698,520
56	Synchronized Interest (L71)	30,838		30,838
57	Arizona Taxable Income (L54 - L55 - L56)	(\$145,532)		\$84,285
58	Arizona State Income Tax Rate	6.0000%		6.0000%
59	Arizona Income Tax (L57 x L58)	(\$8,732)		\$5,057
60	Federal Taxable Income (L57 - L59)	(136,800)		79,228
61	Total Federal Income Tax	(46,512)		26,938
62	Combined Federal and State Income Tax (L59 + L61)	(\$55,244)		\$31,995
<u>Effective Tax Rate</u>				
				34.0000%
<u>Calculation of Interest Synchronization:</u>				
69	Rate Base (Schedule MJR-3, Col. [C], Line 34)			\$1,340,786
70	Weighted Average Cost of Debt			2.3000%
71	Synchronized Interest (L69 x L70)			\$30,838

## RATE BASE - ORIGINAL COST

LINE NO.		[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Plant in Service	\$6,467,719	(\$249,315)	\$6,218,404
2	Less: Accumulated Depreciation	1,942,238	(68,885)	1,873,353
3	Net Plant in Service	<u>\$4,525,481</u>	<u>(\$180,430)</u>	<u>\$4,345,051</u>
4				
5	<u>LESS:</u>			
6				
7	Contributions in Aid of Construction (CIAC)	\$1,076,185	\$0	\$1,076,185
8	Less: Accumulated Amortization	45,823	0	45,823
9	Net CIAC	<u>\$1,030,362</u>	<u>\$0</u>	<u>\$1,030,362</u>
10				
11	Advances in Aid of Construction (AIAC)	\$1,952,127	\$0	\$1,952,127
12				
13	Customer Meter Deposits	517	-	517
14	Deferred Income Tax Credits (Debits)	26,304	0	26,304
15	Investment Tax Credits	0	0	0
16	Regulatory Liability	0	0	0
17				
18				
19	<u>ADD:</u>			
20				
21	Working Capital Allowance	\$8,215	(\$3,170)	\$5,045
28				
29	Deferred Debits	\$83,390	(\$83,390)	\$0
30				
32				
33	<b>Original Cost Rate Base</b>	<u>\$1,607,775</u>	<u>(\$266,990)</u>	<u>\$1,340,786</u>

References:

Column [A]: Company Schedule B-1

Column [B]: Schedule MJR-4

Column [C]: Column [A] + Column [B]

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS										
LINE NO.	ACCT. NO.	DESCRIPTION	COMPANY AS FILED	[A]	[B]	[C]	[D]	[E]	[F]	[G]
				Adjust Balances	Rev AFUDC	Working Capital	Not Used	Arsenic Media	STAFF	
				Ref. Sch MJR-4A	Ref. Sch MJR-6	Ref. Sch MJR-7	Ref. Sch MJR-8	Ref. Sch MJR-9		ADJUSTED
PLANT IN SERVICE:										
1	301000	Other Intangible Plant	\$567	\$0	\$0	\$0	\$0	\$0	\$0	\$567
2	302000	Franchises	2,030	0	0	0	0	0	0	2,030
3	303200	Land and Land Rights Supply	61,190	0	0	0	0	0	0	61,190
4	303300	Land and Land Rights Pumping	50	0	0	0	0	0	0	50
5	303400	Land & Land Rights Treatment	50	0	0	0	0	0	0	50
6	303500	Land & Land Rights T&D	422	0	0	0	0	0	0	422
7	303600	Land & Land Rights General	2,755	0	0	0	0	0	0	2,755
8	304100	Structures and Improvements - Supply	25,292	0	0	0	0	0	0	25,292
9	304200	Structures and Improvements - Pumping	14,608	0	0	0	0	0	0	14,608
10	304300	Structures and Improvements - Treatment	302	0	0	0	0	0	0	302
11	304400	Structures & Improvements Trans & Dist	156	0	0	0	0	0	0	156
12	304500	Structures & Improvements General	0	0	0	0	0	0	0	0
13	304600	Structures and Improvements - Offices	498	0	0	0	0	0	0	498
14	304620	Structures & Imp Leasehold	0	0	0	0	0	0	0	0
15	304700	Structures & Imp Store, Shop, Gge	44,598	0	0	0	0	0	0	44,598
16	305000	Collect & Impounding	0	0	0	0	0	0	0	0
17	307000	Wells & springs	236,074	0	0	0	0	0	0	236,074
18	309000	Supply Mains	0	0	0	0	0	0	0	0
19	310000	Power Production Equipment	20,225	0	0	0	0	0	0	20,225
20	311000	Pumping Equipment Steam	0	0	0	0	0	0	0	0
21	311200	Pumping Equipment Electric	279,401	0	0	0	0	0	0	279,401
22	311300	Pumping Equipment Diesel	879	0	0	0	0	0	0	879
23	311400	Pumping Equipment Hydraulic	0	0	0	0	0	0	0	0
24	311500	Pumping Equipment Other	403,824	0	0	0	0	0	0	403,824
25	311530	Pumping Equipment Water Treatment	0	0	0	0	0	0	0	0
26	320100	Water Treatment Equipment Non-Media	1,696,187	0	0	0	0	0	0	1,696,187
27	320200	Water Treatment Equipment Filter Media	249,315	0	0	0	0	(249,315)	0	0
28	330000	Distribution Reservoirs & Standpipes	210,840	0	0	0	0	0	0	210,840
29	330200	Ground Level Tanks	0	0	0	0	0	0	0	0
30	331001	TD Mains Not Classified by Size	364,469	0	0	0	0	0	0	364,469
31	331100	TD Mains 4in & less	886,119	0	0	0	0	0	0	886,119
32	331200	TD Mains 6in to 8in	896,807	0	0	0	0	0	0	896,807
33	331300	TD Mains 10in to 16in	37,161	0	0	0	0	0	0	37,161
34	331400	TD Mains 18in & Grtr	0	0	0	0	0	0	0	0
35	332000	Fire Mains	0	0	0	0	0	0	0	0
36	333000	Services	617,549	0	0	0	0	0	0	617,549
37	334100	Meters	194,260	0	0	0	0	0	0	194,260
38	334200	Meter Installations	22,040	0	0	0	0	0	0	22,040
39	334300	Meter Vaults	0	0	0	0	0	0	0	0
40	335000	Hydrants	136,093	0	0	0	0	0	0	136,093
41	339200	Other P/E-Supply	0	0	0	0	0	0	0	0
42	339600	Other P/E-CPS	461	0	0	0	0	0	0	461
43	340100	Office Furniture & Equipment	5,453	0	0	0	0	0	0	5,453
44	340200	Computer & Periphal Equipment	1,336	0	0	0	0	0	0	1,336
45	340300	Computer Software	0	0	0	0	0	0	0	0
46	340310	Computer Software Mainframe	0	0	0	0	0	0	0	0
47	340325	Computer Software Customized	0	0	0	0	0	0	0	0
48	340500	Other Office Equipment	0	0	0	0	0	0	0	0
49	341100	Transportation Equip Light Duty Trucks	17,166	0	0	0	0	0	0	17,166
50	341200	Transportation Equip Heavy Duty Trucks	0	0	0	0	0	0	0	0
51	341400	Transportation Equipment Other	0	0	0	0	0	0	0	0
52	341400	Transportation Equipment Other	0	0	0	0	0	0	0	0
53	342000	Stores Equipment	0	0	0	0	0	0	0	0
54	343000	Tools,Shop,Garage Equipment	22,179	0	0	0	0	0	0	22,179
55	344000	Laboratory Equipment	0	0	0	0	0	0	0	0
56	345000	Power Operated Equipment	0	0	0	0	0	0	0	0
57	346100	Communication Equipment Non-Telephone	1,932	0	0	0	0	0	0	1,932
58	346190	Remote Control & Instrument	0	0	0	0	0	0	0	0
59	346200	Communication Equipment Telephone	0	0	0	0	0	0	0	0
60	346300	Communication Equipment Other	659	0	0	0	0	0	0	659
61	347000	Miscellaneous Equipment	0	0	0	0	0	0	0	0
62	304500	Structures & Imp General	361	0	0	0	0	0	0	361
63	304600	Structures & Improvement Offices	0	0	0	0	0	0	0	0
64	304620	Structures & Improvements Leasehold	74	0	0	0	0	0	0	74
65	334100	Meters	43	0	0	0	0	0	0	43
66	339600	Other P/E CPS	1,350	0	0	0	0	0	0	1,350
67	340100	Office furniture & Equipemnt	4,672	0	0	0	0	0	0	4,672
68	340200	Computer & Peripheral Equ	3,028	0	0	0	0	0	0	3,028
69	340300	Computer Software	56	0	0	0	0	0	0	56
70	340300	Computer Software-Other	2,228	0	0	0	0	0	0	2,228
71	341400	Transportation Equipment Other	431	0	0	0	0	0	0	431
72	343000	Tools,Shop,Garage Equipment	0	0	0	0	0	0	0	0
73	344000	Laborary Equipemnt	64	0	0	0	0	0	0	64
74	346100	Communication Equipment non-telephone	688	0	0	0	0	0	0	688
75	346190	Remote Control & Instrument	56	0	0	0	0	0	0	56
76	346200	Communication Equipment Telephone	197	0	0	0	0	0	0	197
77	346300	Communication Equip Other	18	0	0	0	0	0	0	18
78	347000	Miscellaneou Equip	1,506	0	0	0	0	0	0	1,506
79			0	0	0	0	0	0	0	0
80		Rounding	0	0	0	0	0	0	0	0
81		District Subtotal	\$6,467,719	\$0	\$0	\$0	\$0	(\$249,315)	\$6,218,404	
82		Accumulated Depreciation	1,942,238	1,877	0	0	0	(70,762)	1,873,353	
83		Net Plant in Service (58 - 1.59)	\$4,525,481	(\$1,877)	\$0	\$0	\$0	(\$178,553)	\$4,345,051	
84										
85		LESS:								
86		Contributions in Aid of Construction (CIAC)	\$1,076,185	\$0	\$0	\$0	\$0	\$0	\$1,076,185	
87		Less: Accumulated Amortization	45,823	0	0	0	0	0	45,823	
88		Net CIAC (163 - 164)	\$1,030,362	\$0	\$0	\$0	\$0	\$0	\$1,030,362	
89		Advances in Aid of Construction (AIAC)	1,952,127	0	0	0	0	0	1,952,127	
90		Meter Deposits	517	0	0	0	0	0	517	
91		Deferred Income Tax Credits (Debits)	26,304	0	0	0	0	0	26,304	
92		Investment Tax Credits	0	0	0	0	0	0	0	
93		Regulatory Liability	0	0	0	0	0	0	0	
94		ADD:								
95		Working Capital Allowance	8,215	0	0	(3,170)	0	0	5,045	
96		Deferred Debits	83,390	0	(27,978)	0	0	(55,412)	0	
97		Original Cost Rate Base	\$1,607,775	(\$1,877)	(\$27,978)	(\$3,170)	\$0	(\$233,965)	\$1,340,786	
98										
99										
100		References:								
101		Column [A] Company Schedules								
102		Column [B] MJR Testimony								
103		Column [C] MJR Testimony								
104		Column [D] MJR Testimony								
105		Column [E] MJR Testimony								
106		Column [F] MJR Testimony								
107		Column [G] Sum of Columns A thru F								



EPCOR Water Arizona - Tubac Water District  
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Final Schedule MJR-5

**RATE BASE ADJUSTMENT NO. 1 - PLANT IN SERVICE AND DEBIT ACCUMULATED DEPRECIATION**

LINE NO.	ACCT. NO.	DESCRIPTION	[A]		[B]	[C]
			Debit	Accum	Phantom	Staff Recommended
			Depreciation	Assets	Assets	Value
1	303500	Land & Land Rights T&D		(\$117)	(\$117)	\$0
2	342000	Stores Equipment		(1,760)	(1,760)	0
3		District Subtotal		(\$1,877)	(\$1,877)	\$0
4						
5						
6						
7						
8	References:					
9	Column [A]	Company Schedules				
10	Column [B]	MJR Testimony				
11	Column [C]	Column A minus Column B				

EPCOR Water Arizona - Tubac Water District  
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Final Schedule MJR-6

**RATE BASE ADJUSTMENT NO. 2 - REVERSAL OF AFUDC AND DEFERRED DEPRECIATION DEFERRAL**

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS AMOUNT	[C] STAFF AS ADJUSTED
1	Deferred Debits	83,390	(\$27,978)	\$55,412

REFERENCES:

Columns [A]: Amount reflected on Co Schedule B-2, page 1  
Column [B]: Col [C] less col [A]  
Column [C]: Per Testimony MJR

**RATE BASE ADJUSTMENT NO. 3 - WORKING CAPITAL**

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] LEAD/LAG FACTOR COMPANY	[E] B-6, page 1 CASH WORKING CAPITAL REQ COMPANY	[F] CASH WORKING CAPITAL REQ STAFF
1							
2	Labor	\$179,440	(3,175)	\$176,265	10.377	0.0284 \$ 5,102	5,011
3	Purchased Water	\$0	0	\$0	41.010	0.1124	-
4	Fuel & Power	\$33,324	0	\$33,324	(6.603)	(0.0181)	(603)
5	Chemicals	\$98,934	(32,592)	\$66,342	41.010	0.1124	11,116
6	Waste Disposal	\$811	0	\$811	(30.828)	(0.0845)	(68)
7	Intercompany Support Services	\$95	0	\$95	10.593	0.0290	3
8	Corporate Allocation	\$34,814	(2,367)	\$32,447	10.590	0.0290	1,010
9	Outside Services	\$26,870	0	\$26,870	7.238	0.0198	533
10	Group Insurance	\$38,250	<sup>1</sup> (429)	\$37,821	51.726	0.1417	5,421
11	Pensions			\$430	51.726	0.1417	-
12	Regulatory Expense	\$7,261	<sup>2</sup> (7,261)	\$0	89.656	0.2456	1,784
13	Insurance Other Than Group	\$12,198	0	\$12,198	(23.808)	(0.0652)	(796)
14	Customer Accounting	\$22,882	(3,451)	\$19,431	(8.819)	(0.0242)	(553)
15	Rents	\$7,566	0	\$7,566	24.051	0.0659	499
16	General Office Expense	\$28,204	(2,181)	\$26,023	7.926	0.0217	612
17	Miscellaneous	\$6,577	<sup>6</sup> (2,025)	\$4,552	15.824	0.0434	285
18	Maintenance Expense	\$38,435	0	\$38,435	(10.043)	(0.0275)	(1,058)
19	Property Taxes	\$37,502	(3,184)	\$34,318	(172.2400)	(0.4719)	(17,697)
20	Taxes - Payroll	\$13,897	<sup>3</sup> 0	\$13,897	14.6080	0.0400	556
21	Taxes - Other	\$2,260	<sup>3</sup> 0	\$2,260	176.8240	0.4844	1,095
22	Income Tax	\$42,897	(10,902)	\$31,995	(0.7400)	(0.0020)	(87)
23							
24	Interest	\$41,320	<sup>4</sup> (10,482)	\$30,838	(33.4900)	(0.0918)	(3,791)
25	Total Operating Expenses	\$673,537	(\$78,048)	\$595,919	109	\$ 3,362	\$192
26							
27	CASH WORKING CAPITAL REQUIREMENT					3,362	192
28							
29					16,157		
30	Company As Filed Cash Working Capital Co Schedule B-6, Staff Col F	\$3,362	(\$3,170)	\$ 192			
31	Company as filed material and Supplies Inventories B- 5	\$0		\$0			
32	Company as Filed Prepayments B-5	\$4,853		\$4,853			
33							
34	Working Capital	\$8,215	(\$3,170)	\$5,045			
35							
36							
37							
38							

<sup>1</sup> Company did not breakdown Lead/Lag B-6 between group insurance and pensions

<sup>2</sup> Staff removed Regulatory expense of from lead lag estimates

<sup>3</sup> Staff accepts Company breakdown between payroll taxes and other taxes.

<sup>4</sup> Staff Cost of Capital Testimony

<sup>5</sup> Staff Calculates property and income taxes based on Staff's recommended revenue requirement

<sup>6</sup> Water testing included in miscellaneous

<sup>\*</sup> No amount shown for Taxes payroll on income statement, Staff used lead lag factor for property taxes for taxes other.

46 Column [A]: Company Schedule B-6

47 Column [B]: Staff adjustments to expenses, See Testimony CLP

48 Column [C]: Column [A] + Column [B]

49 Column [D]: Company provided Lead/Lag Factor

50 Column [E]: Column [A] \* Column [D]

51 Column [F]: Column [C] \* Column [D]

52

53

RATE BASE ADJUSTMENT NO. 4 -Not used

- 1
  - 2
  - 3
  - 4
  - 5
  - 6
  - 7
- REFERENCES:  
Columns [A]: Amount reflected on Co Schedule B-2, page 1  
Column [B]: Col [C] less col [A]  
Column [C]: Per Testimony MJR

EPCOR Water Arizona - Tubac Water District  
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Final Schedule MJR-9

RATE BASE ADJUSTMENT NO. 5 - ARSENIC MEDIA

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS AMOUNT	[C] STAFF AS ADJUSTED
1	Reverse Deferred Debits	\$55,412	(\$55,412)	\$0
2	Plant accounts			
3	320100	0	0	0
4	320200 Remove existing deferred in plant	249,315	(249,315)	0
5			(\$249,315)	
6				
7	Accumulated Depreciation	\$70,762	(\$70,762)	\$0

REFERENCES:

Columns [A]: Amount reflected on Co Schedule B-2, page 1

Column [B]: Col [C] less col [A]

Column [C]: Per Testimony MJR and DR STF BAB 12.2 Revised

OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF RECOMMENDED CHANGES	[E] STAFF RECOMMENDED
1	Water Revenues	\$574,204	\$0	\$574,204	\$234,449	\$808,653
2	Other Revenues	4,990	0	4,990	0	4,990
3	Other	0	0	0	0	0
4	<b>Total Operating Revenues</b>	<b>\$579,194</b>	<b>\$0</b>	<b>\$579,194</b>	<b>\$234,449</b>	<b>\$813,643</b>
5	Labor	\$179,440	(\$3,176)	\$176,265	\$0	\$176,265
6	Purchased Water	0	0	0	0	0
7	Fuel & Power	33,324	0	33,324	0	33,324
8	Chemicals	98,934	(32,592)	66,342	0	66,342
9	Waste Disposal	811	0	811	0	811
10	Intercompany Support Services	95	0	95	0	95
11	Corporate Allocation	34,814	(2,367)	32,447	0	32,447
12	Outside Services	26,870	0	26,870	0	26,870
13	Group Insurance	37,821	0	37,821	0	37,821
14	Pensions	430	0	430	0	430
15	Regulatory Expense	7,261	(2,674)	4,587	0	4,587
16	Insurance Other Than Group	12,198	0	12,198	0	12,198
17	Customer Accounting	20,561	(1,682)	18,879	552	19,431
18	Rents	7,566	0	7,566	0	7,566
19	Water Testing Expense	0	2,108	2,108	0	2,108
20	General Office Expense	28,204	(2,181)	26,023	0	26,023
21	Miscellaneous	4,536	(2,092)	2,444	0	2,444
22	Maintenance Expense	38,435	0	38,435	0	38,435
23	Depreciation & Amortization	238,395	(77,549)	160,846	0	160,846
24	General Taxes-Property	30,506	(268)	30,238	4,080	34,318
25	General Taxes-Other	16,157	0	16,157	0	16,157
26	Income Taxes	(107,414)	52,170	(55,244)	87,239	31,995
27	<b>Total Operating Expenses</b>	<b>\$708,946</b>	<b>(\$70,302)</b>	<b>\$638,644</b>	<b>\$91,870</b>	<b>\$730,514</b>
28	<b>Operating Income (Loss)</b>	<b>(\$129,752)</b>	<b>\$70,302</b>	<b>(\$59,450)</b>	<b>\$142,579</b>	<b>\$83,129</b>

References:

Column [A]: Company Schedule C-1  
Column [B]: Schedule CLP-11  
Column [C]: Column [A] + Column [B]  
Column [D]: Schedules CLP 2, Lines 29 and 37  
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Water Revenue Ref. Sch CLP-12	[C] ADJ #2 Depreciation Exp. Ref. Sch CLP-13	[D] ADJ #3 Property Taxes Ref. Sch CLP-14	[E] ADJ #4 Income Taxes Ref. Sch CLP-15	[F] ADJ #5 Corporate Allocation Ref. Sch CLP-16	[G] ADJ #6 Water Testing Ref. Sch CLP-17	[H] ADJ #7 Rate Case Expense Ref. Sch CLP-18	[I] ADJ #8 Bad Debt Expense Ref. Sch CLP-19	[J] ADJ #9 Chemicals Ref. Sch CLP-20	[K] STAFF ADJUSTED
1	Water Revenues	\$574,204	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$574,204
2	Other Revenues	4,990	0	0	0	0	0	0	0	0	0	4,990
3	Other	0	0	0	0	0	0	0	0	0	0	0
4	Total Operating Revenues	\$579,194	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$579,194
5	Labor	\$179,440	\$0	\$0	\$0	\$0	(\$3,176)	\$0	\$0	\$0	\$0	\$176,265
6	Purchased Water	0	0	0	0	0	0	0	0	0	0	0
7	Fuel & Power	33,324	0	0	0	0	0	0	0	0	0	33,324
8	Chemicals	98,934	0	0	0	0	0	0	0	0	0	98,934
9	Waste Disposal	811	0	0	0	0	0	0	0	0	0	811
10	Intercompany Support Services	95	0	0	0	0	0	0	0	0	0	95
11	Corporate Allocation	34,814	0	0	0	0	(2,367)	0	0	0	0	32,447
12	Outside Services	26,870	0	0	0	0	0	0	0	0	0	26,870
13	Group Insurance	37,821	0	0	0	0	0	0	0	0	0	37,821
14	Pensions	430	0	0	0	0	0	0	0	0	0	430
15	Regulatory Expense	7,261	0	0	0	0	0	0	(2,674)	0	0	4,587
16	Insurance Other Than Group	12,198	0	0	0	0	0	0	0	0	0	12,198
17	Customer Accounting	20,561	0	0	0	0	0	0	0	(1,682)	0	18,879
18	Water Testing Expense	0	0	0	0	0	0	2,108	0	0	0	2,108
19	Rents	7,566	0	0	0	0	0	0	0	0	0	7,566
20	General Office Expense	28,204	0	0	0	0	0	0	0	0	0	28,204
21	Miscellaneous	4,536	0	0	0	0	(2,181)	0	0	0	0	2,355
22	Maintenance Expense	38,435	0	0	0	0	(51)	(2,041)	0	0	0	36,343
23	Depreciation & Amortization	238,395	0	0	0	0	0	0	0	0	0	238,395
24	General Taxes-Property	30,506	0	0	0	0	0	0	0	0	0	30,506
25	General Taxes-Other	16,157	0	0	(268)	0	0	0	0	0	0	15,889
26	Income Taxes	(107,414)	0	0	0	0	0	0	0	0	0	0
27	Total Operating Expenses	\$708,946	\$0	(\$7,549)	(\$268)	\$2,170	(\$7,715)	\$67	(\$2,674)	(\$1,682)	0	\$688,644
28	Operating Income (Loss)	(\$129,752)	\$0	\$7,549	\$268	(\$2,170)	\$7,715	(\$67)	\$2,674	\$1,682	0	(\$129,752)

EPCOR Water Arizona - Mohave Water District  
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OPERATING INCOME ADJUSTMENT NO. 1 - WATER REVENUE
---

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Revenue	<u>\$574,204</u>	<u>\$0</u>	<u>\$574,204</u>

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]



OPERATING ADJUSTMENT NO. 2 - DEPRECIATION EXPENSE						
LINE NO.	ACCT. NO.	DESCRIPTION	[A] PLANT BALANCE	[B] Non-Depreciable Fully Depreciated	[C] DEPRECIATION RATE	[D] DEPRECIATION EXPENSE
1		<u>PLANT IN SERVICE:</u>				
2	301000	Other Intangible Plant	\$567	\$567	0.00%	\$0
3	302000	Franchises	2,030	2,030	0.00%	0
4	303200	Land and Land Rights Supply	61,190	61,190	0.00%	0
5	303300	Land and Land Rights Pumping	50	50	0.00%	0
6	303400	Land & Land Rights Treatment	50	50	0.00%	0
7	303500	Land & Land Rights T&D	422	422	0.00%	0
8	303600	Land & Land Rights General	2,755	2,755	0.00%	0
9	304100	Structures and Improvements - Supply	25,292	0	2.50%	632
10	304200	Structures and Improvements - Pumping	14,608	0	2.00%	292
11	304300	Structures and Improvements - Treatment	302	0	2.00%	6
12	304400	Structures & Improvements Trans & Dist	156	0	2.00%	3
13	304500	Structures & Improvements General	0	0	2.50%	0
14	304600	Structures and Improvements - Offices	498	0	2.50%	12
15	304620	Structures & Imp Leasehold	0	0	2.50%	0
16	304700	Structures & Imp Store, Shop, Gge	44,598	0	2.00%	892
17	305000	Collect & Impounding	0	0	0.00%	0
18	307000	Wells & springs	236,074	0	2.50%	5,902
19	309000	Supply Mains	0	0	0.00%	0
20	310000	Power Production Equipment	20,225	0	3.33%	673
21	311000	Pumping Equipment Steam	0	0	0.00%	0
22	311200	Pumping Equipment Electric	279,401	0	4.00%	11,176
23	311300	Pumping Equipment Diesel	879	0	4.00%	35
24	311400	Pumping Equipment Hydraulic	0	0	0.00%	0
25	311500	Pumping Equipment Other	403,824	0	4.00%	16,153
26	311530	Pumping Equipment Water Treatment	0	0	0.00%	0
27	320100	Water Treatment Equipment Non-Media	1,696,187	0	5.00%	84,809
28	320200	Water Treatment Equipment Filter Media	0	0	10.00%	0
29	330000	Distribution Reservoirs & Standpipes	210,840	0	1.54%	3,247
30	330200	Ground Level Tanks	0	0	0.00%	0
31	331001	TD Mains Not Classified by Size	364,469	0	2.00%	7,289
32	331100	TD Mains 4in & Less	886,119	0	1.43%	12,672
33	331200	TD Mains 6in to 8in	896,807	0	1.43%	12,824
34	331300	TD Mains 10in to 16in	37,161	0	1.43%	531
35	331400	TD Mains 18in & Grtr	0	0	0.00%	0
36	332000	Fire Mains	0	0	0.00%	0
37	333000	Services	617,549	0	2.50%	15,439
38	334100	Meters	194,260	0	8.33%	16,182
39	334200	Meter Installations	22,040	0	2.50%	551
40	334300	Meter Vaults	0	0	0.00%	0
41	335000	Hydants	136,093	0	2.00%	2,722
42	339200	Other P/E-Supply	0	0	0.00%	0
43	339600	Other P/E-CPS	461	0	3.33%	15
44	340100	Office Furniture & Equipment	5,453	0	4.50%	245
45	340200	Computer & Periphal Equipment	1,336	1,336	10.00%	0
46	340300	Computer Software	0	0	20.00%	0
47	340310	Computer Software Mainframe	0	0	0.00%	0
48	340325	Computer Software Customized	0	0	0.00%	0
49	340500	Other Office Equipment	0	0	0.00%	0
50	341100	Transportation Equip Light Duty Trucks	17,166	17,166	20.00%	0
51	341200	Transportation Equip Heavy Duty Trucks	0	0	0.00%	0
52	341400	Transportation Equipment Other	0	0	16.67%	0
53	341400	Transportation Equipment Other	0	0	3.59%	0
54	342000	Stores Equipment	0	0	4.00%	0
55	343000	Tools,Shop,Garage Equipment	22,179	0	4.00%	887
56	344000	Laboratory Equipment	0	0	0.00%	0
57	345000	Power Operated Equipment	0	0	10.00%	0
58	346100	Communication Equipment Non-Telephone	1,932	0	10.00%	193
59	346190	Remote Control & Instrument	0	0	10.00%	0
60	346200	Communication Equipment Telephone	0	0	10.00%	0
61	346300	Communication Equipment Other	659	0	6.25%	41
62	347000	Miscellaneous Equipment	0	0	0	0
63	304500	Structures & Imp General	361	0	2.50%	9
64	304600	Structures & Improvement Offices	0	0	2.50%	0
65	304620	Structures & Improvements Leasehold	74	0	2.50%	2
66	334100	Meters	43	0	8.33%	4
67	339600	Other P/E CPS	1,350	0	3.33%	45
68	340100	Office furniture & Equipemnt	4,672	0	4.50%	210
69	340200	Computer & Periphal Equ	3,028	0	10.00%	303
70	340300	Computer Software	56	0	20.00%	11
71	340300	Computer Software-Other	2,228	0	20.00%	446
72	341400	Transportation Equipment Other	431	0	20.00%	86
73	343000	Tools,Shop,Garage Equipment	0	0	4.00%	0
74	344000	Laboray Equipemnt	64	0	4.00%	3
75	346100	Communication Equipment non-telephone	688	0	10.00%	69
76	346190	Remote Control & Instrument	56	0	10.00%	6
77	346200	Communication Equipment Telephone	197	0	10.00%	20
78	346300	Communication Equip Other	18	0	10.00%	2
79	347000	Miscellaneous Equip	1,506	0	6.25%	94
80		District Subtotal	\$6,218,404	\$85,566		\$194,734
81						
82						
83						
84		Less Non Depreciable Plant	\$85,566			
85						
86		Net Depreciable Plant and Depreciation Amounts	\$6,132,838			
87						
88		Composite Depreciation Rate			3.18%	
89		Less				
90		Contribution in Aid of Construction	\$1,076,185			
91		Amortization of CIAC at Composite Rate				34,172
92		Staff Recommended Depreciation Expense/CIAC Amortization				\$160,562
93		Amortization Y2K				284
94		Staff Recommended Depreciation/Amortization				160,846
95		Company Proposed Depreciation Expense				238,395
96		Staff Adjustment				(\$77,549)

OPERATING ADJUSTMENT NO. 3 - PROPERTY TAX EXPENSE

LINE NO.	DESCRIPTION	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$579,194	\$579,194
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	1,158,388	1,158,388
4	Staff Recommended Revenue	579,194	813,643
5	Subtotal (Line 4 + Line 5)	1,737,582	1,972,031
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	579,194	657,344
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	1,158,388	1,314,687
10	Plus: 10% of CWIP - 2005	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	1,158,388	1,314,687
13	Assessment Ratio	18.50%	18.50%
14	Assessment Value (Line 12 * Line 13)	214,302	243,217
15	Composite Property Tax Rate - Obtained from ADOR	14.11%	14.11%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$30,238	
17	Company Proposed Property Tax	\$30,506	
18	Staff Test Year Adjustment (Line 16 - Line 17)	<u>(\$268)</u>	
19	Property Tax on Staff Recommended Revenue (Line 14 * Line 15)		\$34,318
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$30,238
21	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$4,080</u>
22	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$4,080
23	Increase in Revenue Requirement		\$234,449
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		1.74023%

REFERENCES:

Line 15: Composite Tax Rate obtained from Arizona Department of Revenue  
Line 17: Company Schedule C-1, Line 24  
Line 21: Line 19 - Line 20  
Line 23: Schedule BAB-1, Line 8

EPCOR Water Arizona - Tubac Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-15

OPERATING INCOME ADJUSTMENT NO. 4 - INCOME TAXES
--

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Taxes	<u>(\$107,414)</u>	<u>\$52,170</u>	<u>(\$55,244)</u>

References:

Column [A]: Company Revised Schedule C-2  
Column [B]: Testimony CLP  
Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 5 - CORPORATE ALLOCATION

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED ALLOCATIONS	[B] COMPANY PROPOSED	[C] COMPANY ALLOCATION RATE	[D] STAFF'S DISALLOWED EXPENSES	[1] a	[E] STAFF ADJUSTMENTS Col. [D] x Col. [C] (\$3,176)	[F] STAFF RECOMMENDED Col. [A] x Col. [E]
1	Labor	\$59,989	\$179,440	0.7922%				\$56,814
2	Purchased Water	0	0	0.7922%			0	0
3	Fuel & Power	361	33,324	0.7922%			0	361
4	Chemicals	9	98,934	0.7922%			0	9
5	Waste Disposal	19	811	0.7922%			0	19
6	Intercompany Support Services	(106)	95	0.7922%			0	(106)
7	Corporate Allocation	40,098	34,814	0.7922%	(298,829)	b	(2,367)	37,731
8	Outside Services	7,673	26,870	0.7922%		c	0	7,673
9	Group Insurance	10,430	37,821	0.7922%		d	0	10,430
10	Pensions	(88)	430	0.7922%		e	0	(88)
11	Regulatory Expense	2,284	7,261	0.7922%		f	0	2,284
12	Insurance Other Than Group	1,432	12,198	0.7922%			0	1,432
13	Customer Accounting	3,042	20,561	0.7922%			0	3,042
14	Rents	2,407	7,566	0.7922%			0	2,407
15	General Office Expense	8,835	28,204	0.7922%	(275,278)	g	(2,181)	6,654
16	Miscellaneous	1,846	4,536	0.7922%	(6,485)	h	(51)	1,794
17	Maintenance Expense	7,042	38,435	0.7922%			0	7,042
18	Depreciation & Amortization	15,951	238,395	0.7922%	(1,317,140)	[2]	0	15,951
19	General Taxes-Property	0	30,506	0.7922%			0	0
20	General Taxes-Other	5,522	16,157	0.7922%			0	5,522
21	Income Taxes	(20,061)	(107,414)	0.7922%			0	(20,061)
22	Total Operating Expenses	\$146,685	\$708,946	0.7922%	(\$2,298,586)		(\$7,775)	\$138,910

[1] Column [D] represents Staff's total unallowable Corporate Allocation for all 21 districts. Each district's expense is multiplied by Epcor's 4-factor cost allocation. Staff is not recommending adjusting the depreciation & amortization expense on this schedule because this adjustment is being captured on Schedule CLP-13.

[2] Staff is not recommending adjusting the depreciation & amortization expense on this schedule because this adjustment is being captured on Schedule CLP-13.

References:

- Column [A, B & E]: Company response to DR BAB-1.2, electronic work paper titled "June 2013 Rolling 12 Months by BU"
- Column [C]: Company Schedule C-1
- Column [D]: Column [A] + Column [B] + Column [C]
- Column [F]: Staff Schedule CLP-15 page 2
- Column [G]: Column [E] \* Column [F]
- Column [H]: Column [B] + Column [G]

Docket No. WS-01303A-14-0010  
 Test Year Ended June 30, 2013

DESCRIPTION	DETAILS	AMOUNT
Labor	STIP pay	(\$400,855)
Corporate Allocation	At-Risk Compensation	(298,829)
General Office Expense	Promotion	
	Recognition	(\$102,421)
	Training - Fees/Tuition	(87,430)
	Meals/Entertainment	(44,119)
	Donations	(34,534)
	Stationary, Printing & Other O	(4,133)
	Accommodation, Other Travel	(2,345)
		(298)
Miscellaneous	General Office Expense Total	(275,278)
		(6,485)
Depreciation & Amortization	Amortization of Utility Plant Acquisition Adjustment	(\$1,000,110)
	Amortization of AFUDC	(317,030)
	Depr & Amortization Expense Total	(1,317,140)
	Total	<u><u>(\$2,298,586)</u></u>

EPCOR Water Arizona - Tubac Water District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule CLP-17

**OPERATING INCOME ADJUSTMENT NO. 6 - WATER TESTING EXPENSE**

LINE	ACCT NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Water Testing	\$0	\$2,108	\$2,108
2		Miscellaneous		<u>(2,041)</u>	
				<u>\$67</u>	

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE
---

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Regulatory Expense	<u>\$7,261</u>	<u>(\$2,674)</u>	<u>\$4,587</u>

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

**OPERATING INCOME ADJUSTMENT NO. 8 - BAD DEBTS EXPENSE**

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Customer Accounting - Bad Debt	\$20,561	(\$1,682)	\$18,879
2				
3				
4				
5				Actual TY
6				Month
7				July-12
8				Aug-12
9				Sep-12
10				Oct-12
11				Nov-12
12				Dec-12
13				Jan-13
14				Feb-13
15				Mar-13
16				Apr-13
17				May-13
18				Jun-13
19				Total
20				
21	Test Year Bad Debt Expense		4 Factor	Connection Count
22	Jul to Dec 2012 Months Bad Debt Expense	\$266,016	0.8%	\$2,107
23	Jan to Jun 2013 Bad Debt Expense	256,213	0.37%	937
24				\$3,045
25				
26				Net Adjustment
27				(\$1,682)
28				
29				\$579,194 Test Year Revenue
				0.2354% Bad Debts write off %

References:

Column A: Company Schedule C-2  
Column B: Company Rebuttal Schedule C-2, page 6  
Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 9 - CHEMICALS EXPENSE
---

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Chemicals	\$98,934	(\$32,592)	\$66,342

References:

Column [A]: Company Rebuttal Schedule C-2, Page 27

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

**RATE DESIGN**

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4" Residential Low Income	N/A	\$28.94	\$21.46
5/8 x 3/4" Meter	\$24.70	48.24	35.77
3/4" Meter	24.70	48.24	53.66
1" Meter	74.10	120.60	89.43
1 1/2" Meter	144.38	241.20	178.85
2" Meter	230.53	385.91	286.16
3" Meter	461.00	771.83	572.32
4" Meter	722.00	1,205.98	894.25
6" Meter	1,440.00	2,411.96	1,788.50
8" Meter	2,305.00	3,859.13	2,861.60
10" Meter	3,320.00	5,547.50	4,113.55
12" Meter	6,208.00	10,371.41	7,690.55

**Commodity Rates-Per 1,000 Gallons**

5/8 x 3/4" & 3/4" Meter (Residential)			
First 3,000 Gallons	\$1.9000	\$5.3300	\$3.3350
From 3,001 to 10,000 Gallons	3.0000	6.8300	5.3950
From 10,001 to 20,000 Gallons	4.0000	8.1800	7.8500
Over 20,000 Gallons	6.0000	9.3800	9.5380
5/8 x 3/4" & 3/4" Meter (Commercial)			
First 20,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 20,000 Gallons	6.0000	9.3800	9.5380
1" Meter (Res. & Comm.)			
First 35,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 35,000 Gallons	6.0000	9.3800	9.5380
1 1/2" Meter (Res. & Comm.)			
First 85,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 85,000 Gallons	6.0000	9.3800	9.5380
2" Meter (Res. & Comm.)			
First 150,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 150,000 Gallons	6.0000	9.3800	9.5380
3" Meter (Res. & Comm.)			
First 175,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 175,000 Gallons	6.0000	9.3800	9.5380
4" Meter (Res. & Comm.)			
First 250,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 250,000 Gallons	6.0000	9.3800	9.5380
6" Meter (Res. & Comm.)			
First 350,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 350,000 Gallons	6.0000	9.3800	9.5380
8" Meter (Res. & Comm.)			
First 900,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 900,000 Gallons	6.0000	9.3800	9.5380
10" Meter (Res. & Comm.)			
First 1,500,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 1,500,000 Gallons	6.0000	9.3800	9.5380
12" Meter (Res. & Comm.)			
First 2,250,000 Gallons	\$4.0000	\$7.6800	\$7.8500
Over 2,250,000 Gallons	6.0000	9.3800	9.5380
Low Income Surcharge*	N/A	\$0.6810	\$0.5047

\* The surcharge will be added to the highest block commodity rate( residential and commercial customers only) , and will change upon the Company's annual reconciliation of number of participants and top tier usage.

### Service Charges

### Service and Meter Installation Charges

[illegible]

EPCOR Water Arizona, Inc.  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013  
Tubac Water District

Final Schedule BAB-2

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,348	\$46.44	\$100.76	\$54.31	116.94%
Median Usage	5,000	\$36.40	\$77.89	\$41.49	113.98%
<b>Staff Recommended</b>					
Average Usage	8,348	\$46.44	\$74.63	\$28.18	60.68%
Median Usage	5,000	\$36.40	\$56.57	\$20.17	55.40%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present	Company Proposed		Staff Recommended	
	Rates	Rates	Increase	Rates	Increase
-	\$24.70	\$48.24	95.30%	\$35.77	44.82%
1,000	26.60	53.57	101.39%	39.11	47.01%
2,000	28.50	58.90	106.67%	42.44	48.91%
3,000	30.40	64.23	111.28%	45.78	50.58%
4,000	33.40	71.06	112.75%	51.17	53.20%
5,000	36.40	77.89	113.98%	56.57	55.40%
6,000	39.40	84.72	115.03%	61.96	57.26%
7,000	42.40	91.55	115.92%	67.36	58.86%
8,000	45.40	98.38	116.70%	72.75	60.24%
9,000	48.40	105.21	117.38%	78.15	61.46%
10,000	51.40	112.04	117.98%	83.54	62.53%
11,000	55.40	120.22	117.00%	91.39	64.96%
12,000	59.40	128.40	116.16%	99.24	67.07%
13,000	63.40	136.58	115.43%	107.09	68.91%
14,000	67.40	144.76	114.78%	114.94	70.53%
15,000	71.40	152.94	114.20%	122.79	71.97%
16,000	75.40	161.12	113.69%	130.64	73.26%
17,000	79.40	169.30	113.22%	138.49	74.42%
18,000	83.40	177.48	112.81%	146.34	75.47%
19,000	87.40	185.66	112.43%	154.19	76.42%
20,000	91.40	193.84	112.08%	162.04	77.29%
25,000	121.40	244.15	101.11%	212.25	74.84%
30,000	151.40	294.45	94.48%	262.47	73.36%
35,000	181.40	344.76	90.05%	312.68	72.37%
40,000	211.40	395.06	86.88%	362.89	71.66%
45,000	241.40	445.37	84.49%	413.11	71.13%
50,000	271.40	495.67	82.63%	463.32	70.72%
75,000	421.40	747.20	77.31%	714.39	69.53%
100,000	571.40	998.72	74.78%	965.46	68.96%

**EPCOR Water Arizona - Mohave Wastewater District**

Docket No. WS-01303A-14-0010

Test Year Ended June 30, 2013

**STAFF TESTIMONY**

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MJR- 6	<u>RATE BASE ADJUSTMENT NO. 2 REVERSAL OF AFUDC AND DEFERRED DEPRECIATION DEFERRAL</u>
MJR- 7	<u>RATE BASE ADJUSTMENT NO. 3 - WORKING CAPITAL</u>
MJR- 8	<u>RATE BASE ADJUSTMENT NO. 4 - NOT USED</u>
MJR- 9	<u>NOT USED</u>
CLP- 10	<u>OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED</u>
CLP- 11	<u>SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR</u>
CLP- 12	<u>OPERATING INCOME ADJUSTMENT NO. 1 - WASTEWATER REVENUE</u>
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CLP- 14	<u>OPERATING ADJUSTMENT NO. 3 - PROPERTY TAX EXPENSE</u>
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CLP- 18	<u>OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE</u>
CLP- 19	<u>OPERATING INCOME ADJUSTMENT NO. 8 - BAD DEBTS EXPENSE</u>
BAB- 1	<u>RATE DESIGN</u>
BAB- 2	<u>TYPICAL BILL ANALYSIS</u>

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	\$5,305,083	\$4,863,030
2	Adjusted Operating Income (Loss)	\$90,799	\$100,061
3	Current Rate of Return (L2 / L1)	1.71%	2.06%
4	Required Rate of Return	6.87%	6.40%
5	Required Operating Income (L4 * L1)	\$364,459	\$311,234
6	Operating Income Deficiency (L5 - L2)	\$273,660	\$211,172
7	Gross Revenue Conversion Factor	1.6577	1.6495
8	Required Revenue Increase (L7 * L6)	\$453,638	\$348,322
9	Adjusted Test Year Revenue	\$1,055,839	\$1,055,839
10	Proposed Annual Revenue (L8 + L9)	\$1,509,477	\$1,404,161
11	Required Increase in Revenue (%)	42.96%	32.99%
12	Rate of Return on Common Equity (%)	10.70%	9.50%

References:

Column [A]: Company Schedule A-1

Column [B]: Staff Schedules CLP-2, MJR-3, and CLP-10

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]
<u>Calculation of Gross Revenue Conversion Factor:</u>				
1	Revenue	100.0000%		
2	Uncollectible Factor (Line 13)	0.3721%		
3	Revenues (L1 - L2)	99.6279%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.0023%		
5	Subtotal (L3 - L4)	60.6256%		
6	<b>Revenue Conversion Factor (L1 / L5)</b>	<b>1.649468</b>		
<u>Calculation of Uncollectible Factor:</u>				
8	Unity	100.0000%		
9	Combined Federal and State Tax Rate (Line 21)	37.9600%		
10	One Minus Combined Income Tax Rate (L9 - L10)	62.0400%		
11	Uncollectible Rate	0.5997%		
12	Uncollectible Factor (L11 * L12)		0.3721%	
<u>Calculation of Effective Tax Rate:</u>				
15	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%		
16	Arizona State Income Tax Rate	6.0000%		
17	Federal Taxable Income (L16 - L17)	94.0000%		
18	Applicable Federal Income Tax Rate (Line 68)	34.0000%		
19	Effective Federal Income Tax Rate (L18 x L19)	31.9600%		
20	Combined Federal and State Income Tax Rate (L17 + L20)		37.9600%	
<u>Calculation of Effective Property Tax Factor:</u>				
23	Unity	100.0000%		
24	Combined Federal and State Income Tax Rate (L21)	37.9600%		
25	One Minus Combined Income Tax Rate (L24 - L25)	62.0400%		
26	Property Tax Factor (CLP-14, L25)	1.6801%		
27	Effective Property Tax Factor (L26 x L27)		1.0423%	
28	Combined Federal and State Income Tax and Property Tax Rate (L21 + L28)			39.0023%
32	Required Operating Income (Schedule CLP-1, Line 5)	\$311,234		
33	Adjusted Test Year Operating Income (Loss) (Schedule CLP-10, Line 32)	100,061		
34	Required Increase in Operating Income (L33 - L34)		\$211,172	
36	Income Taxes on Recommended Revenue (Col. (C), L62)	\$113,069		
37	Income Taxes on Test Year Revenue (Col. (A), L62)	(16,139)		
38	Required Increase in Revenue to Provide for Income Taxes (L36 - L37)		\$129,209	
40	Recommended Revenue Requirement (Schedule CLP-1, Line 10)	\$1,404,161		
41	Uncollectible Rate (Line 12)	0.5997%		
42	Uncollectible Expense on Recommended Revenue (L40 x L41)	\$8,421		
43	Adjusted Test Year Uncollectible Expense	6,332		
44	Required Increase in Revenue to Provide for Uncollectible Exp.		\$2,089	
46	Property Tax with Recommended Revenue (CLP-14, L20)	\$59,512		
47	Property Tax on Test Year Revenue (CLP-14, Col [A], L16)	53,660		
48	Increase in Property Tax Due to Increase in Revenue (L46 - L47)		\$5,852	
50	Total Required Increase in Revenue (L34 + L38 + L44 + L48)		\$348,322	
<u>Calculation of Income Tax:</u>				
53	Revenue (Sch CLP-10, Col. [C] L5, CLP-1, Col. [C] 10)	\$1,055,839		\$1,404,161
55	Operating Expenses Excluding Income Taxes	971,916		979,857
56	Synchronized Interest (L71)	126,439		126,439
57	Arizona Taxable Income (L54 - L55 - L56)	(\$42,517)		\$297,865
58	Arizona State Income Tax Rate	6.0000%		6.0000%
59	Arizona Income Tax (L57 x L58)	(\$2,551)		\$17,872
60	Federal Taxable Income (L57 - L59)	(39,966)		279,993
61	Total Federal Income Tax	(13,588)		95,197
62	Combined Federal and State Income Tax (L59 + L61)	(\$16,139)		\$113,069
64				34.0000%
65	<u>Effective Tax Rate</u>			
<u>Calculation of Interest Synchronization:</u>				
69	Rate Base (Schedule MJR-3, Col. [C], Line 34)			\$4,863,030
70	Weighted Average Cost of Debt			2.6000%
71	Synchronized Interest (L69 x L70)			\$126,439

<b>RATE BASE - ORIGINAL COST</b>
----------------------------------

LINE NO.		[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Plant in Service	\$8,866,427	\$0	\$8,866,427
2	Less: Accumulated Depreciation	693,460	\$413,326	1,106,786
3	Net Plant in Service	<u>\$8,172,967</u>	<u>(\$413,326)</u>	<u>\$7,759,641</u>
4				
5	<u>LESS:</u>			
6				
7	Contributions in Aid of Construction (CIAC)	\$1,242,320	\$0	\$1,242,320
8	Less: Accumulated Amortization	307,248	-	307,248
9	Net CIAC	<u>\$935,072</u>	<u>\$0</u>	<u>\$935,072</u>
10				
11	Advances in Aid of Construction (AIAC)	\$1,916,421	-	\$1,916,421
12				
13	Customer Meter Deposits	5	-	5
14	Deferred Income Tax Credits (Debits)	62,236	-	62,236
15	Investment Tax Credits	-	-	-
16	Regulatory Liabilities	-	-	-
17				
18				
19				
20	<u>ADD:</u>			
21				
22	Working Capital Allowance	17,134	(10)	17,124
23				
30	Deferred Debits	28,717	(28,717)	-
31				
33				
34	<b>Original Cost Rate Base</b>	<u>\$5,305,083</u>	<u>(\$442,053)</u>	<u>\$4,863,030</u>

References:

Column [A], Company Schedule B-1

Column [B]: Schedule MJR-4

Column [C]: Column [A] + Column [B]



SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE	ACCT.		[A]	[B]	[C]	[D]	[E]	[F]
NO.	NO.	DESCRIPTION	COMPANY	ADJ #1	ADJ #2	ADJ #3	ADJ #4	STAFF
			AS FILED	Adjust	Rev AFUDC	Working	Not Used	ADJUSTED
				Balances	24 mo Deferral	Capital		
				Ref: Sch MJR-5	Ref: Sch MJR-6	Ref: Sch MJR-7	Ref: Sch MJR-8	
1								
2		<u>PLANT IN SERVICE:</u>						
3								
4		<u>CORPORATE PLANT</u>						
5	335000	Hydrants	\$0	\$0	\$0	\$0	\$0	\$0
6	351000	Organization	0	0	0	0	0	0
7	352000	Franchises	364	0	0	0	0	364
8	353000	Land	0	0	0	0	0	0
9	354200	Structures & Improvements Collection	196,581	0	0	0	0	196,581
10	354400	Structures & Improvements Treatment	1,047,352	0	0	0	0	1,047,352
11	355400	Power Generation Equipment Treatment	142,907	0	0	0	0	142,907
12	360000	Collection Sewers - Forced	5,385	0	0	0	0	5,385
13	361100	Collecting Mains	2,721,870	0	0	0	0	2,721,870
14	362000	Special Collecting Structures	138,063	0	0	0	0	138,063
15	363000	Services to Customer	530,251	0	0	0	0	530,251
16	364000	Flow Measuring Devices	218,748	0	0	0	0	218,748
17	371100	Pumping Equipment Electric	82,445	0	0	0	0	82,445
18	371200	Manholes	0	0	0	0	0	0
19	380000	Treatment and Disposal Equipment	1,013,752	0	0	0	0	1,013,752
20	380050	TD Equipment Grit Removal	135,165	0	0	0	0	135,165
21	380100	TD Equipment Sed Tanks/Acc	336,115	0	0	0	0	336,115
22	380300	TD Equipment Sludge Dry/Filt	39,113	0	0	0	0	39,113
23	380500	TD Equipment Chemical Treatment Plant	232,909	0	0	0	0	232,909
24	380600	TD Equipment Other Disp	28,914	0	0	0	0	28,914
25	380625	TD Equipment Gen Treatment	1,818,565	0	0	0	0	1,818,565
26	389600	WW Other P/E - CPS	3,549	0	0	0	0	3,549
27	390200	Computers & Peripherals	10,496	0	0	0	0	10,496
28	391000	Transportation Equip	0	0	0	0	0	0
29	393000	Tool Shop & Garage Equipment	71,567	0	0	0	0	71,567
30	394000	Laboratory Equipment	14,336	0	0	0	0	14,336
31	395000	Power Operating Equipment	16,703	0	0	0	0	16,703
32	396000	Communication Equipment	26,322	0	0	0	0	26,322
33	397000	Miscellaneous Equipment	0	0	0	0	0	0
34	304500	Structures & Imp General	853	0	0	0	0	853
35	304600	Structures & Improvement Offices	39	0	0	0	0	39
36	304620	Structures & Improvements Leasehold	75	0	0	0	0	75
37	334100	Meters	103	0	0	0	0	103
38	339600	Other P/E CPS	3,194	0	0	0	0	3,194
39	340100	Office furniture & Equipemnt	11,055	0	0	0	0	11,055
40	340200	Computer & Peripheral Equ	7,348	0	0	0	0	7,348
41	340300	Computer Software	4,923	0	0	0	0	4,923
42	340330	Computer Software Other	56	0	0	0	0	56
43	341400	Transportation Equipment Other	1,019	0	0	0	0	1,019
44	343000	Tools,Shop,Garage Equipment	137	0	0	0	0	137
45	344000	Laboratory Equipemnt	151	0	0	0	0	151
46	346100	Communication Equipment non-telephone	1,629	0	0	0	0	1,629
47	346190	Remote Control & Instrument	133	0	0	0	0	133
48	346200	Communication Equipment Telephone	632	0	0	0	0	632
49	346300	Communication Equip Other	43	0	0	0	0	43
50	347000	Miscellaneous Equip	3,564	0	0	0	0	3,564
51	399000	Subtotal Allocated General Plant	0	0	0	0	0	0
52		Staff Rounding	1	0	0	0	0	1
53		Total Plant in Service	\$8,866,427	\$0	\$0	\$0	\$0	\$8,866,427
54		Accumulated Depreciation	693,460	413,326			0	1,106,786
55		Net Plant in Service (L58 - L 59)	\$8,172,967	(\$413,326)	\$0	\$0	\$0	\$7,759,641
56								
57		<u>LESS:</u>						
58		Contributions in Aid of Construction (CIAC)	\$1,242,320	\$0	\$0	\$0	\$0	\$1,242,320
59		Less: Accumulated Amortization	307,248	0			0	307,248
60		Net CIAC (L63 - L64)	\$935,072		\$0	\$0	\$0	\$935,072
61		Advances in Aid of Construction (AIAC)	1,916,421		0	0	0	1,916,421
62		Meter Deposits	5	0	0	0	0	5
63		Deferred Income Tax Credits (Debits)	62,236	0	0	0	0	62,236
64		Investment Tax Credits	0	0	0	0	0	0
65		Regulatory Liabilities	0	0	0	0	0	0
66		<u>ADD:</u>	0	0				0
67		Working Capital Allowance	17,134	0	0	(10)	0	17,124
68		Deferred Debits	28,717	0	(28,717)	0	0	0
69		Staff Rounding	(1)	0	0	0	0	(1)
70		Original Cost Rate Base	\$5,305,083	(\$413,326)	(\$28,717)	(\$10)	\$0	\$4,863,030

EPCOR Water Arizona - Mohave Wastewater District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule MJR-5

RATE BASE ADJUSTMENT NO. 1 - DEBIT ACCUMULATED

LINE NO.	NARUC Acct	DESCRIPTION	[A]	[B]	[C]
			Debit Accum Depreciation	Phantom Assets	Staff Recommended
1					
2					
3	355400	Power Generation Equipment Treatment	(\$14,910)	(\$14,910)	\$0
4	360000	Collection Sewers - Forced	(15,840)	(15,840)	0
5	380100	TD Equipment Sed Tanks/Acc	(371,356)	(371,356)	0
6	380600	TD Equipment Other Disp	(1,235)	(1,235)	0
7	397000	Miscellaneous Equipment	(9,824)	(9,824)	0
8	346190	Remote Control & Instrument	(26)	(26)	0
9	347000	Miscellaneous Equip	(135)	(135)	0
10		Subtotal	(\$413,326)	(\$413,326)	\$0

EPCOR Water Arizona - Mohave Wastewater District  
Docket No. WS-01303A-14-0010  
Test Year Ended June 30, 2013

Final Schedule MJR-6

RATE BASE ADJUSTMENT NO. 2 REVERSAL OF AFUDC AND DEFERRED DEPRECIATION DEFERRAL
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LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Deferred Debits	\$28,717	(\$28,717)	\$0

REFERENCES:

Columns [A]: Company schedules  
Column [B]: Column [C] less Column [A]  
Column [C]: See testimony MJR

RATE BASE ADJUSTMENT NO. 3 - WORKING CAPITAL

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] LEAD/LAG DAYS COMPANY	[E] Lead Lag Factor [D]/365 Days	[F] B-6, page 1 CASH WORKING CAPITAL REQ COMPANY	[G] CASH WORKING CAPITAL REQ STAFF
1	Labor	\$268,572	(\$5,354)	\$263,218	10.5070	0.0288	\$ 7,731	\$ 7,577
2	Fuel & Power	46,241	0	46,241	(9.3690)	(0.0257)	(1,187)	(1,187)
3	Chemicals	12,000	0	12,000	34.1400	0.0935	1,122	1,122
4	Waste Disposal	34,306	(0)	34,306	(4.3160)	(0.0118)	(406)	(406)
5	Intercompany Support Services	161	0	161	10.7230	0.0294	5	5
6	Corporate Allocation	58,694	(3,991)	54,703	10.7200	0.0294	1,724	1,607
7	Outside Services	34,425	0	34,425	(1.3170)	(0.0036)	(124)	(124)
8	Group Insurance	53,807	<sup>1</sup> (725)	53,082	51.8560	0.1421	7,644	7,541
9	Pensions	0	<sup>1</sup> 725	725	51.8560	0.1421	-	103
10	Regulatory Expense	11,993	<sup>3</sup> (11,993)	0	41.1400	0.1127	1,352	-
11	Insurance Other Than Group	14,658	0	14,658	(23.6780)	(0.0649)	(951)	(951)
12	Customer Accounting	56,396	3	56,399	(8.5500)	(0.0234)	(1,321)	(1,321)
13	Rents Expense	8,199	0	8,199	24.6590	0.0676	554	554
14	General Office Expense	20,902	(3,677)	17,225	11.5770	0.0317	663	546
15	Miscellaneous	84	(87)	(3)	<sup>6</sup> 16.1220	0.0442	4	(0)
16	Maintenance Expense	51,102	0	51,102	(8.6330)	(0.0237)	(1,209)	(1,209)
17	Property Taxes	61,268	(1,756)	59,512	(172.1100)	(0.4715)	(28,890)	(28,062)
18	Taxes Payroll	18,540	<sup>2</sup> 0	18,540	<sup>5</sup> 14.7380	0.0404	749	749
19	Taxes Other	(6,148)	<sup>2</sup> 6,148	(6,148)	172.4300	0.4724	(2,904)	(2,904)
20	Income Taxes	141,873	11,789	113,069	<sup>5</sup> (0.6100)	(0.0017)	(237)	(189)
21	Interest	135,810	<sup>4</sup> 0	126,439	(33.3600)	(0.0914)	(12,413)	(11,556)
22	Total Operating Expenses	\$1,022,883	(\$8,918)	\$957,854			\$ (28,095)	\$ (28,105)
23								
24								
25	CASH WORKING CAPITAL REQUIREMENT						(28,095)	\$ (28,105)
26								
27								
28								
29	Company As Filed Cash Working Capital Co Schedule B-6, Staff col F	(\$28,095)	(\$10)	(\$28,105)				
	Company As Filed material and Supplies Inventories							
30	B-5	37,363	-	37,363				
31	Company as filed Prepayments B-5	7,866	-	7,866				
32	Company Working Capital							
33	Working Capital	\$17,134	(\$10)	\$17,124				
34								
35								
36								
37	<sup>1</sup> Staff accepts Company breakdown between Group Insurance and Pensions as shown on C-1							
38	<sup>2</sup> Staff accepts Company breakdown between payroll taxes and other taxes							
39	<sup>3</sup> Staff Removed regulatory expense of \$15,230 from the cash working capital requirement							
40	<sup>4</sup> Staff Cost of Capital Testimony							
41	<sup>5</sup> Staff calculates property and income taxes based on Staff's recommended revenue requirement.							
42	<sup>6</sup> Includes water testing expense							
43	No lead lag factor provided for water testing or pensions							
44								
45								
46								
47								
48	References:							
49	Column [A]: Company Schedule B-6							
50	Column [B]: Staff adjustments to expenses, See Testimony CLP							
51	Column [C]: Column [A] + Column [B]							
52	Column [D]: Company Lead Lag factors Schedule B-6							
53	Column [E]: Column [A] * Column [D]							
54	Column [F]: Column [C] * Column [D]							
55								
63								
64								
65								

R Water Arizona - Mohave Wastewater District

Final Schedule MJR-8

: No. WS-01303A-14-0010

ear Ended June 30, 2013

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RATE BASE ADJUSTMENT NO. 4 - NOT USED

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Columns [A]: Company schedules

Column [B]: Column [C] less Column [A]

Column [C]: See testimony BAB

OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF RECOMMENDED CHANGES	[E] STAFF RECOMMENDED
1	Wastewater Revenues	\$1,052,210		\$1,052,210	\$348,322	\$1,400,532
2	Other Revenues	3,629	0	3,629	0	3,629
3	Other	0	0	0	0	0
4	<b>Total Operating Revenues</b>	<b>\$1,055,839</b>	<b>\$0</b>	<b>\$1,055,839</b>	<b>\$348,322</b>	<b>\$1,404,161</b>
5	Labor	\$268,572	(\$5,354)	\$263,218	\$0	\$263,218
6	Purchased Water	0	0	0	0	0
7	Fuel & Power	46,241	0	46,241	0	46,241
8	Chemicals	12,000	0	12,000	0	12,000
9	Waste Disposal	34,306	0	34,306	0	34,306
10	Intercompany Support Services	161	0	161	0	161
11	Corporate Allocation	58,694	(3,991)	54,703	0	54,703
12	Outside Services	34,425	0	34,425	0	34,425
13	Group Insurance	53,082	0	53,082	0	53,082
14	Pensions	725	0	725	0	725
15	Regulatory Expense	11,993	(4,260)	7,733	0	7,733
16	Insurance Other Than Group	14,658	0	14,658	0	14,658
17	Customer Accounting	53,827	483	54,310	2,089	56,399
18	Water Testing Expense	0	11,889	11,889	0	11,889
19	Rents Expense	8,199	0	8,199	0	8,199
20	General Office Expense	20,902	(3,677)	17,225	0	17,225
21	Miscellaneous	84	(11,976)	(11,892)	0	(11,892)
22	Maintenance Expense	51,102	0	51,102	0	51,102
23	Depreciation & Amortization	257,946	(4,167)	253,779	0	253,779
24	General Taxes-Property	53,660	0	53,660	5,852	59,512
25	General Taxes-Other	12,392	0	12,392	0	12,392
26	Income Taxes	(27,928)	11,789	(16,139)	129,209	113,069
27	<b>Total Operating Expenses</b>	<b>\$965,040</b>	<b>(\$9,263)</b>	<b>\$955,777</b>	<b>\$137,150</b>	<b>\$1,092,927</b>
28	<b>Operating Income (Loss)</b>	<b>\$90,799</b>	<b>\$9,263</b>	<b>\$100,061</b>	<b>\$211,172</b>	<b>\$311,233</b>

References:

Column [A]: Company Schedule C-1  
Column [B]: Schedule CLP-11  
Column [C]: Column [A] + Column [B]  
Column [D]: Schedules CLP 2, Line 34  
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Wastewater Revenue Ref. Sch CLP-12	[C] ADJ #2 Depreciation Exp. Ref. Sch CLP-13	[D] ADJ #3 Property Taxes Ref. Sch CLP-14	[E] ADJ #4 Income Taxes Ref. Sch CLP-15	[F] ADJ #5 Corporate Allocation Ref. Sch CLP-16	[G] ADJ #6 Water Testing Ref. Sch CLP-17	[H] ADJ #7 Rate Case Expense Ref. Sch CLP-18	[I] ADJ #8 Bad Debts Expense Ref. Sch CLP-19	[J] STAFF ADJUSTED
1	Wastewater Revenues	\$1,052,210	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,052,210
2	Other Revenues	3,629	0	0	0	0	0	0	0	0	\$3,629
3	Other	0	0	0	0	0	0	0	0	0	\$0
4	<b>Total Operating Revenues</b>	<b>\$1,055,839</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,055,839</b>
5	Labor	\$268,572	\$0	\$0	\$0	\$0	(\$3,354)	\$0	\$0	\$0	\$263,218
6	Purchased Water	0	0	0	0	0	0	0	0	0	\$0
7	Fuel & Power	46,241	0	0	0	0	0	0	0	0	\$46,241
8	Chemicals	12,000	0	0	0	0	0	0	0	0	\$12,000
9	Waste Disposal	34,306	0	0	0	0	0	0	0	0	\$34,306
10	Intercompany Support Services	161	0	0	0	0	0	0	0	0	\$161
11	Corporate Allocation	58,694	0	0	0	0	(3,991)	0	0	0	\$54,703
12	Outside Services	34,425	0	0	0	0	0	0	0	0	\$34,425
13	Group Insurance	53,082	0	0	0	0	0	0	0	0	\$53,082
14	Pensions	725	0	0	0	0	0	0	0	0	\$725
15	Regulatory Expense	11,993	0	0	0	0	0	0	0	0	\$7,753
16	Insurance Other Than Group	14,658	0	0	0	0	0	0	(4,260)	0	\$14,658
17	Customer Accounting	53,827	0	0	0	0	0	0	0	0	\$54,310
18	Water Testing Expense	0	0	0	0	0	0	11,889	0	483	\$11,889
19	Rents Expense	8,199	0	0	0	0	0	0	0	0	\$8,199
20	General Office Expense	20,902	0	0	0	0	0	0	0	0	\$17,225
21	Miscellaneous	84	0	0	0	0	(3,677)	0	0	0	(\$11,892)
22	Maintenance Expense	51,102	0	0	0	0	(87)	(11,889)	0	0	\$51,102
23	Depreciation & Amortization	257,946	0	(4,167)	0	0	0	0	0	0	\$253,779
24	General Taxes-Property	53,660	0	0	0	0	0	0	0	0	\$53,660
25	General Taxes-Other	12,392	0	0	0	0	0	0	0	0	\$12,392
26	Income Taxes	(27,928)	0	0	0	0	0	0	0	0	(\$16,139)
27	<b>Total Operating Expenses</b>	<b>\$965,040</b>	<b>\$0</b>	<b>\$4,167</b>	<b>\$0</b>	<b>11,789</b>	<b>(\$13,108)</b>	<b>\$0</b>	<b>(\$4,260)</b>	<b>\$483</b>	<b>\$955,777</b>
28	<b>Operating Income (Loss)</b>	<b>\$90,799</b>	<b>\$0</b>	<b>\$4,167</b>	<b>\$0</b>	<b>(\$11,789)</b>	<b>\$13,108</b>	<b>\$0</b>	<b>\$4,260</b>	<b>(\$483)</b>	<b>\$100,062</b>

EPCOR Water Arizona - Mohave Water District  
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Final Schedule CLP-12

OPERATING INCOME ADJUSTMENT NO. 1 - WASTEWATER REVENUE
--

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Revenue	<u>\$1,052,210</u>	<u>\$0</u>	<u>\$1,052,210</u>

References:

Column [A]: Company Schedule C-2  
Column [B]: Testimony CLP  
Column [C]: Column [A] + Column [B]



OPERATING ADJUSTMENT NO. 2 - DEPRECIATION EXPENSE						
LINE NO.	ACCT. NO.	DESCRIPTION	[A] PLANT BALANCE	Non-Depreciable/ Fully Depreciated	[B] DEPRECIATION RATE Staff Recommended	[C] DEPRECIATION EXPENSE
1		<u>PLANT IN SERVICE:</u>				
2	335000	Hydrants	\$0	\$0	2.99%	\$0
3	351000	Organization	0	0	0.00%	0
4	352000	Franchises	364	364	0.00%	0
5	353000	Land	0		0.00%	0
6	354200	Structures & Improvements Collection	196,581		3.33%	6,546
7	354400	Structures & Improvements Treatment	1,047,352		2.00%	20,947
8	355400	Power Generation Equipment Treatment	142,907		2.00%	2,858
9	360000	Collection Sewers - Forced	5,385		1.43%	77
10	361100	Collecting Mains	2,721,870		1.43%	38,923
11	362000	Special Collecting Structures	138,063		3.33%	4,597
12	363000	Services to Customer	530,251		2.00%	10,605
13	364000	Flow Measuring Devices	218,748		6.67%	14,590
14	371100	Pumping Equipment Electric	82,445		5.00%	4,122
15	371200	Manholes	0		0.00%	0
16	380000	Treatment and Disposal Equipment	1,013,752		5.00%	50,688
17	380050	TD Equipment Grit Removal	135,165		5.00%	6,758
18	380100	TD Equipment Sed Tanks/Acc	336,115		5.00%	16,806
19	380300	TD Equipment Sludge Dry/Filt	39,113		5.00%	1,956
20	380500	TD Equipment Chemical Treatment Plant	232,909		5.00%	11,645
21	380600	TD Equipment Other Disp	28,914		5.00%	1,446
22	380625	TD Equipment Gen Treatment	1,818,565		5.00%	90,928
23	389600	WW Other P/E - CPS	3,549		3.33%	118
24	390200	Computers & Peripherals	10,496		10.00%	1,050
25	391000	Transportation Equip	0		0.00%	0
26	393000	Tool Shop & Garage Equipment	71,567		4.00%	2,863
27	394000	Laboratory Equipment	14,336		4.00%	573
28	395000	Power Operating Equipment	16,703		5.00%	835
29	396000	Communication Equipment	26,322		10.00%	2,632
30	304500	Structures & Imp General	853		2.50%	21
31	304600	Structures & Improvement Offices	39		2.50%	1
32	304620	Structures & Improvements Leasehold	75		2.50%	2
33	334100	Meters	103		8.33%	9
34	339600	Other P/E CPS	3,194		3.33%	106
35	340100	Office furniture & Equipmnt	11,055		4.50%	497
36	340200	Computer & Peripheral Equ	7,348		10.00%	735
37	340300	Computer Software	4,923		20.00%	985
38	340330	Computer Software Other	56		20.00%	11
39	341400	Transportation Equipment Other	1,019		16.67%	170
40	343000	Tools,Shop,Garage Equipment	137		4.00%	5
41	344000	Laboratory Equipmnt	151		4.00%	6
42	346100	Communication Equipment non-telephone	1,629		10.00%	163
43	346190	Remote Control & Instrument	133		10.00%	13
44	346200	Communication Equipment Telephone	632		10.00%	63
45	346300	Communication Equip Other	43		10.00%	4
46	347000	Miscellaneous Equip	3,564		6.25%	223
47		Staff Rounding	1			0
48	0	Total Plant in Service	\$8,866,427	\$364		\$294,579
49		Less Non Depreciable Plant	364			
50						
51		Net Depreciable Plant and Depreciation Amounts	\$8,866,063			\$294,579
52						
53		Composite Depreciation Rate			3.32%	
54		Less				
55		Amortization of CIAC at Composit Rate				\$41,277
56		CIAC	\$1,242,320			
57		Staff Recommended Depreciation Expense/CIAC Amortization				\$253,303
58		Amortization of Y2K				476
59		Staff Recommended Depreciation/Amortization Expense				253,779
60		Company Proposed Depreciation Expense				257,946
61		Staff Adjustment				(\$4,167)
62						
63						
64						
65						
66						
67						
68						
69						
70						
71						
72						
73		References:				
74	Col A	Schedule M(R-1)				
75	Col B	Staff Recommended Plant				
76	Col C					
77	Col D	Col A less Col B amount				

OPERATING ADJUSTMENT NO. 3 - PROPERTY TAX EXPENSE

LINE NO.	DESCRIPTION	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$1,055,839	\$1,055,839
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,111,677	2,111,677
4	Staff Recommended Revenue, Per Schedule CLP-1	1,055,839	1,404,161
5	Subtotal (Line 4 + Line 5)	3,167,516	3,515,838
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,055,839	1,171,946
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,111,677	2,343,892
10	Plus: 10% of CWIP	21,457	21,457
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,133,134	2,365,349
13	Assessment Ratio	18.50%	18.50%
14	Assessment Value (Line 12 * Line 13)	394,630	437,590
15	Composite Property Tax Rate - Obtained from ADOR	13.60%	13.60%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$53,670	
17	Company Proposed Property Tax	\$53,660	
18	Staff Test Year Adjustment (Line 16 - Line 17)	<u>\$10</u>	[1]
19	Property Tax on Staff Recommended Revenue (Line 14 * Line 15)		\$59,512
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		<u>\$53,660</u>
21	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$5,852</u>
22	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$5,852
23	Increase in Revenue Requirement		\$348,322
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		1.68010%

[1] Staff did not make an adjust to test year property tax expense because the adjustment would have been de minimis.

REFERENCES:

Line 15: Composite Tax Rate obtained from Arizona Department of Revenue  
Line 17: Company Revised Schedule C-1, Line 24  
Line 21: Line 19 - Line 20  
Line 23: Schedule CLP-1, Line 8

EPCOR Water Arizona - Mohave Wastewater District  
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Test Year Ended June 30, 2013

Final Schedule CLP-15

OPERATING INCOME ADJUSTMENT NO. 4 - INCOME TAXES
--

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Taxes	<u>(\$27,928)</u>	<u>\$11,789</u>	<u>(\$16,139)</u>

References:

Column [A], Companyvised Schedule C-2  
Column [B]: Testimony CLP  
Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 5 - CORPORATE ALLOCATION

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED ALLOCATIONS	[B] COMPANY ADJ. TY OP. EXPENSES	[C] COMPANY ALLOCATION RATE	[D] STAFF'S UNALLOWABLE EXPENSES	[1] ADJUSTMENTS Col. [D] x Col. [C]	[E] STAFF RECOMMENDED Col. [A] - Col. [E]
1	Labor	\$99,538	\$268,572	1.3356%	(\$400,855)	5a	\$94,185
2	Purchased Water	0	0	1.3356%	0		0
3	Fuel & Power	609	46,241	1.3356%	0		609
4	Chemicals	15	12,000	1.3356%	0		15
5	Waste Disposal	31	34,306	1.3356%	0		31
6	Intercompany Support Services	(319)	161	1.3356%	0		(319)
7	Corporate Allocation	67,603	58,694	1.3356%	(298,829)	5b	63,612
8	Outside Services	11,763	34,425	1.3356%	0	5c	11,763
9	Group Insurance	17,493	53,082	1.3356%	0		17,493
10	Pensions	(510)	725	1.3356%	0	5d	(510)
11	Regulatory Expense	3,851	11,993	1.3356%	0	5e	3,851
12	Insurance Other Than Group	2,411	14,658	1.3356%	0		2,411
13	Customer Accounting	5,075	53,827	1.3356%	0	5f	5,075
14	Rents Expense	4,012	8,199	1.3356%	0		4,012
15	General Office Expense	14,343	20,902	1.3356%	(275,278)	5g	10,667
16	Miscellaneous	3,017	84	1.3356%	(6,485)	5h	2,930
17	Maintenance Expense	11,868	51,102	1.3356%	0		11,868
18	Depreciation & Amortization	26,893	257,946	1.3356%	(1,317,140)	[2]	26,893
19	General Taxes-Property	0	53,660	1.3356%	0		0
20	General Taxes-Other	9,308	12,392	1.3356%	0		9,308
21	Income Taxes	(33,822)	(27,928)	1.3356%	0		(33,822)
22	Total Operating Expenses	\$243,177	\$965,040		(\$2,298,586)	(\$13,108)	\$230,069

[1] Column [D] represents Staff's total allowable Corporate Allocation for all 21 districts. Each district's expense is multiplied by Epcor's 4-factor cost allocation.

[2] Staff is not recommending adjusting the depreciation & amortization expense on this schedule because this adjustment is being captured on Schedule CLP-13.

References:

Column [A, B & E]: Company response to DR BAB-1.2, electronic work paper titled "June 2013 Rolling 12 Months by BU"

Column [C]: Company Schedule C-1

Column [D]: Column [A] + Column [B] + Column [C]

Column [F]: Staff Schedule CLP-15 page 2

Column [G]: Column [E] \* Column [F]

Column [H]: Column [B] + Column [G]

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 Test Year Ended June 30, 2013

DESCRIPTION	DETAILS	AMOUNT
Labor	STIP pay	(\$400,855)
Corporate Allocation	At-Risk Compensation	(298,829)
General Office Expense	Promotion	
	Recognition	(\$102,421)
	Training - Fees/Tuition	(87,430)
	Meals/Entertainment	(44,119)
	Donations	(34,534)
	Stationary, Printing & Other O	(4,133)
	Accommodation, Other Travel	(2,345)
		(298)
Miscellaneous	General Office Expense Total	(275,278)
		(6,485)
Depreciation & Amortization	Amortization of Utility Plant Acquisition Adjustment	(\$1,000,110)
	Amortization of AFUDC	(317,030)
	General Office Expense Total	(1,317,140)
		(\$2,298,586)

OPERATING INCOME ADJUSTMENT NO. 6 - WASTEWATER TESTING EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Testing Expense	\$0	\$11,889	\$11,889
2	Miscellaneous Expense	84	<u>(11,889)</u>	<u>(11,805)</u>
			\$0	

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE
---

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Regulatory Expense	<u>\$11,993</u>	<u>(\$4,260)</u>	<u>\$7,733</u>

References:

Column [A]: Company Revised Schedule C-2

Column [B]: Testimony CLP

Column [C]: Column [A] + Column [B]

**OPERATING INCOME ADJUSTMENT NO. 8 - BAD DEBTS EXPENSE**

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Customer Accounting - Bad Debt	\$53,827	\$483	\$54,310
2				
3				
4				
5				Actual TY
6				Month
7				July-12
8				Aug-12
9				Sep-12
10				Oct-12
11				Nov-12
12				Dec-12
13				Jan-13
14				Feb-13
15				Mar-13
16				Apr-13
17				May-13
18				Jun-13
19				Total
20				
21	Test Year Bad Debt Expense		4 Factor	Connection Count
22	Jul to Dec 2012 Months Bad Debt Expense	\$266,016	1.336%	\$3,553
23	Jan to Jun 2013 Bad Debt Expense	256,213		0.90%
24				
25				
26				
27				
28				
29				

References:

Column A: Company Schedule C-2 (Direct)  
Column B: Company Schedule C-2 (Rebuttal), Staff Testimony (Surrebuttal)  
Column C: Column [A] + Column [B]



RATE DESIGN

Monthly Service Charge	Present	Company Proposed Rates	Staff Recommended Rates
Commercial (per ERU)	\$56.55	82.00	76.12
OPA (per ERU)	56.55	82.00	76.12
Large Commercial	72.89	105.69	93.99
<b>Commodity Charge - Per 1,000 Gallons</b>			
Residential (per ERU)	-	-	-
Commercial (per ERU)	-	-	-
OPA (per ERU)	-	-	-
Large Commercial	\$2.2800	\$3.3100	\$2.9880
<b>Effluent (Per Acre Foot)</b>			
0 to 24	\$227.79	\$227.79	\$227.79
25 to 99	227.79	227.79	227.79
200 to 199	227.79	227.79	227.79
200 & Above	227.79	227.79	227.79
<b>Other Service Charges</b>			
Establishment or Reestablishment of Service			\$35.00
Regular Hours	\$20.00	\$35.00	Remove from Tariff
After Hours	\$30.00	\$65.00	Remove from Tariff
Reconnection of Service (Delinquent)	\$30.00		\$35.00
Regular Hours	N/A	\$35.00	Remove from Tariff
After Hours	N/A	\$65.00	Remove from Tariff
Deposit	(a)	(a)	(a)
Deposit Interest	(a)	(a)	(a)
NSF Check	\$25.00	\$25.00	\$25.00
Deferred Payment (per month)	N/A	1.5% per month	1.5% per month
Late Payment Fee (per month)	1.5% per month	1.5% per month	1.5% per month
After hour service charge (b)	N/A	N/A	\$30.00

(a) Per Commission Rules (R14-2-603.B)

(b) After Hours Service : After regular working hours, on Saturdays, Sundays or holidays if at the customer's request or for the customer's convenience.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule 14-2-609D(5).

Service Line Connection Charges

	Current Charges	Proposed Charges	Staff Recommended Charges
Residential	Actual Cost	Actual Cost	Actual Cost
Commercial	Actual Cost	Actual Cost	Actual Cost
School	Actual Cost	Actual Cost	Actual Cost
Multiple Dwelling	Actual Cost	Actual Cost	Actual Cost
Mobile Home park	Actual Cost	Actual Cost	Actual Cost
Effluent	Actual Cost	Actual Cost	Actual Cost

Treatment Plant Hook-Up Fee

	Current Charges	Proposed Charges	Staff Recommended Charges
4 Inch Connection	\$785.00	\$785.00	\$785.00
6 Inch Connection	1,570.00	1,570.00	1,570.00
8 Inch Connection	2,748.00	2,748.00	2,748.00

EPCOR Water Arizona, Inc.  
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Mohave Wastewater District

Final Schedule BAB-2

Typical Bill Analysis  
Residential

<u>Company Proposed</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
	\$56.55	\$82.00	\$25.45	45.00%
<u>Staff Recommended</u>				
	\$56.55	\$76.12	\$19.57	34.61%